



APPENDIX A

Market Study, Economic Impact Analysis and Public Fiscal Assessment



**Market Study,
Economic Impact Analysis, and
Public Fiscal Assessment
of the Proposed**

WAIKAPU COUNTRY TOWN

Waikapu, Maui, Hawaii



July 23, 2015

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**Market Study, Economic Impact Analysis
and Public Fiscal Assessment of the
Proposed Waikapu Country Town
Waikapu, Maui, Hawaii**

Gentlemen:

At your request, we have completed a series of market and econometric analyses associated with the proposed Waikapu Country Town (WCT), a 499-acre master-planned sustainable community to be located on the existing Maui Tropical Plantation destination exhibit site and surrounding acreage northerly and to makai, approximately three and six miles from Wailuku and Kahului Airport, respectively.

As currently envisioned, the project will contain:

- 1,433 single family, multifamily and rural residential units;
- A variety of commercial uses totaling up to 198,857 square feet of floor space (including the 29,250 square feet in-place);
- A mixed-use live/work component;
- Ohana unit opportunities;
- 82 acres of parks and open space; and
- A future school site.

The objective of the developer is to provide reasonably-priced housing inventory within a relatively self-contained, moderate to low density community in a desirable, Central Maui location. Current estimates are that upwards of 85 percent of the inventory will meet County affordability guidelines for households earning 140 percent or less of Maui median income levels.

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Our assignment was to: determine the level of demand for the WCT inventory relative to available supply; assess the appropriateness of the site and master plan from a market perspective; and quantify the economic impacts of the project within the public and private spheres on a going-forward basis. Our study was primarily comprised of three elements:

1. **Market Study.** To ascertain whether there currently exists, or will exist, sufficient demand in the Central Maui/Wailuku-Kahului residential real estate sector to successfully absorb the finished subject inventory in a timely manner given its characteristics and those of competing in-place and proposed regional developments.
2. **Economic Impact Analysis.** To estimate the general and specific effects on the local economy which will result from WCT build-out, including construction and business employment, wages and income, contractor/supplier profits, end-user expenditures, and other regional monetary and employment effects. This study also forecasts the de facto population of the subject community including residents and workers, household income and discretionary spending levels.
3. **Public Fiscal Benefit Assessment.** To quantify the tax receipts and secondary benefits which will be accrued to the State of Hawaii and the County of Maui resulting from the actualization and operation of WCT.

The subject property, identified on State of Hawaii Tax maps as Second Division Tax Map Key 3-6-2, Parcels 1 and 3; 3-6-5, Parcel 7; and 3-6-4, Parcels 3 and 6 varies from near level to moderately sloping; has excellent access fronting two highways, offers many superior view panoramas; and the development acreage is within the directed growth boundary of the rapidly expanding Honoapiilani Highway corridor stretching into Wailuku Town. The proposed 499 acre community is within a larger 1,576 acre holding, of which some 1,070 acres will remain in the State Agricultural District with 800-acres to be dedicated to agricultural classification in perpetuity.

The pertinent results from our studies are presented in the following report, which opens with an Executive Summary describing our salient conclusions. The remainder of the report is comprised of a series of six addenda exhibits containing the tabular presentation of our data, analysis and modeling for each aspect of the assignment. Although the master plan will provide the potential for some "ohana" units in the community, the number and their location have yet to be determined and we have excluded their impacts from our analysis, but do note their possibility would increase the desirability of those lots provided with the potential.

We note the developer has recently begun exploring the possibility of using the southeasterly portion of the property near the proposed school site as the location of a "201 H" community (identified as the "Develop More Units by Building More Workforce Housing Alternative") which would increase the project total by 300 net units, or 21 percent to 1,733 total units. We have not specifically analyzed this potential component, but our study clearly indicates that Maui is in need of significant numbers of affordably-priced units for resident households.

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As part of our investigation program, we have: visited the subject property and its environs; researched the Central Maui and Wailuku-Kahului residential submarkets; interviewed knowledgeable parties active in the regional economy; reviewed government statistics, policies and publications; accessed on-line databases; and compiled materials from published and private sources.

All conclusions presented herein are subject to the limiting conditions, assumptions and certifications of The Hallstrom Group | CBRE, Inc., in addition to any others specifically set forth in the text. All work has been completed in conformance with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice (USPAP).

We appreciate the opportunity to be of service to Waikapu Partners LLC in regards to this uniquely-designed, Maui-appropriate, prominent, proposed sustainable mixed-use community.

Respectfully submitted,

THE HALLSTROM GROUP | CBRE, INC.

A handwritten signature in black ink that reads "Tom W. Holliday". The signature is written in a cursive style with a large, stylized initial "T".

Tom W. Holliday

/as



**Market Study, Economic Impact Analysis,
and
Public Fiscal Assessment
of the
PROPOSED WAIKAPU COUNTRY TOWN**

**Located at
Waikapu, Maui, Hawaii**

**Prepared for
Mr. Michael Atherton
Waikapu Partners, LLC
Mr. Michael Summers
Planning Consultants Hawaii, LLC**

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**As of
July 2015**

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INTRODUCTION

The proposed Waikapu Country Town (WCT) master planning area comprises an approximately 499 acre portion of mostly undeveloped, agriculturally-classified lands located southerly of Waikapu village and mauka of Kulihelani Highway. The site is adjacent to the King Kamehameha Club and Kahili golf courses, and encompasses (and will include) the existing Maui Tropical Plantation site.

The holding stretches from the central valley floor up the lower easterly flanks of the West Maui Mountains, ranging from nominal to moderately-sloping terrain, and varying in elevation from circa 200 to 600 feet above sea level. It is within the southwestern-most node of the Wailuku-Kahului "Directed Growth Boundary", is bisected by Honopiilani Highway, offers panoramic views across the isthmus to Haleakala from many points, and has a desirable climate.

WCT is within a larger 1,576 acre holding, of which 14 acres (encompassing the existing Maui Tropical Plantation) are currently within the State Land Use (SLU) "Urban" District and 1,562 are within the "Agricultural District". Approximately 485 acres are being proposed of redistricting from Agricultural to the Urban and "Rural" districts to support the master plan.

The WCT project site is divided between "Urban", "Small Town" and "Rural" on the Maui Island Plan Directed Growth Map for Waikapu/Kahului.

The remaining approximately 1,070 acres will continue to be designated Agricultural, of which some 800 acres will be dedicated in perpetuity for agricultural classification/use.

According to Hawaii Land Design and Planning Consultants Hawaii LLC, who envisioned and drew-up the master plan:

WCT will be a "complete community," encompassing a mixture of single- and multi-family residential units, commercial, and civic uses. In accordance with the MIP's Directed Growth Area Guidelines, WCT includes 1,433 residential units together with neighborhood retail, commercial, a school, parks and open space. The town will be bound by agricultural land that will be preserved in perpetuity through a conservation easement. The utilization of conservation subdivision design (CSD) practices will preserve additional rural land for farming, open space, and open land recreation.

WCT will be built in two ten year phases both mauka and makai of Honoapiilani Highway. Development mauka of the highway will focus inward onto a "village center," incorporating the existing buildings and grounds of the MTP. The Master Plan calls for a diverse mixture of affordable and market priced housing, along with commercial, entertainment, and civic uses within and around the village center.

Development makai of the highway will focus onto a pedestrian-oriented "main street," a nearby elementary school, and parks. The makai development is bound to the east by the planned extension of the Waiale Road, which will intersect with Honoapiilani Highway. A primary objective of the project is to develop a community where walking and biking are the preferred modes of transportation and recreation for short commutes. Therefore, in addition to proposing mixed-use and more compact development patterns, approximately eight miles of hiking, biking and walking trails will be incorporated into the project. Public transit will also be accommodated in strategic locations to facilitate the use of transit to job-rich areas in Wailuku/Kahului and South and West Maui.

For the purpose of assessing the project's development impacts, the conceptual master plan and development program is consistent with the MIP's allocation of 1,433 units to the project. The MIP has an allowance for affordable housing and Ohana units. Affordable housing and Ohana units are not counted towards the total number of units allocated in the MIP.

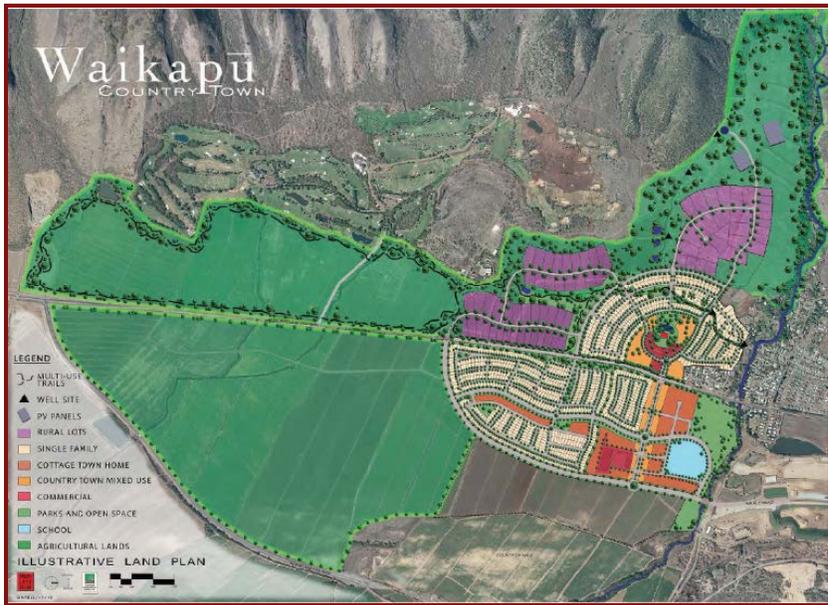
The Applicant understands that local market conditions will ultimately determine the types of units sold and density of development within the project. It is intended that at full build-out the overall character of development, mix of uses and development pattern

will be consistent with the master plan vision, design guidelines, and zoning ordinances. However, should future market demand warrant additional residential units, and/or a higher density of development within the WCT Planned Growth Area, then a future amendment to the MIP may be required together with an analysis of the impact of the additional units upon infrastructure and public facility systems.”

The current WCT master plan is shown below, followed by the Conceptual Development Program. The development will be undertaken in two phases with an anticipated pre-sale commencement date in 2017 and completion of all infrastructure and primary components by 2026.

In addition to the 1,433 units which are the subject of this study there is the eventual potential for up to 146 additional “Ohana” units to be built over time within the single family subdivisions. As the final count, timing of development, and location of these units is unknown at this time they have been excluded from our analysis.

We have also not included the “201 H” workforce housing project that is being considered as an alternative for the southeasterly portion of the property near the school site which would add up to 300 additional units to WCT (an increase of 21 percent to a total of 1,733 units, excluding any Ohana units).



PROPOSED WAIKAPU COUNTRY TOWN LAND DEVELOPMENT PROGRAM			
Use	Area in Acres	Housing Units	Square Feet
	(1)		
Urban Single Family	131.05	970	
Rural Single Family	124.82	80	
Multi-Family/Town Home	30.29 *	256	
Country Town Mixed-Use	20.21 *	127	58,475
Commercial/Employment	12.89 *		140,372 (2)
Existing Town Center/Lagoon	4.48 *		
School	12.00 *		
Parks & Open Space	82.10		
Roadways	81.03		
TOTALS	498.87	1,433	198,847

(1) Areas marked with asterisk (*) are "gross" areas, all others "net" areas.
 (2) Includes 111,122 sq. ft. new construction and 29,250 sq. ft. of existing commercial.

The WCT vision will transform a property that is:

- Centrally-located.
- Dual Highway-fronting.
- Underutilized.
- Within an expanding/desirable area of the regional directed growth boundary.

Actualization of the master plan will create a regional asset providing:

- Needed reasonably-priced housing.
- Live/work space and small business opportunities.
- A unique low-density Country Town core.
- A wide variety of residential product from multifamily to rural house lots.
- Neighborhood-serving commercial and mixed-use components.
- Within a relatively comprehensive, sustainable community complementary with existing Waikapu Village.

It will attract significant new capital investment, create jobs in construction and on-going business activity, and stimulate the Maui economy. This will in turn generate enhanced employment and business opportunities for island residents and companies while further expanding the tax base for the state and county.

From a market overview perspective, the proposed development will have the necessary attributes to be compatible with, and competitive within, the Central Maui real estate sector:

- *It is within an expanding, high-demand area.* Wailuku-Kahului has been the historic focal point of residential (and other) development and, while South Maui is also in an expansion mode, significant additions in Central Maui will keep the region at the fore-front of the island's housing sector.

The demand for residential units in the area is currently strong, and as the hub for industrial, commercial, service,

transportation and government activities on Maui, it will remain a desirable, competitive market.

- *In concert with market trends.* Mixed-use, master-planned developments have been part of the market in Hawaii for several decades, and they have generally provided higher-quality, more desirable housing and lifestyle opportunities than in standard subdivisions. Although many Maui projects were initially oriented heavily towards resort and upper-end development, there are newer projects in-construction and proposed which are seeking to provide more diverse product types.

WCT represents the evolving edge of such master planning by coupling a diverse housing inventory within a fairly comprehensive community evoking "small-town" scale, intensities and designs; surrounded by a thousand acre agricultural buffer. But, having direct access to two highways and proximate to the supporting services in Wailuku-Kahului.

- *Maximize the reasonable development potentials of a well-located parcel.* Given the superior locational and access attributes of the subject property, within the context of an expanding Wailuku-Kahului development core, and the housing and economic benefits which will flow to Maui from the project, the WCT master plan is a reasonable confluence of market and general community objectives.
- *WCT is representative of the highest and best use of the property.*

The Hallstrom Appraisal Group | CBRE, Inc. assignment was to analyze the proposed WCT master plan from a real estate market perspective and to identify and quantify probable market and economic impacts associated with its development in light of competitive, regional, prevailing and forecast trends to answer four basic study questions:

1. Is there sufficient demand to absorb the various "marketable" components of the subject community

during a reasonable exposure period given competing developments and projected statewide/regional market trends?

2. Will the community be an appropriate use of the underlying site relative to market needs?
3. What will be the general/specific and direct/indirect economic impacts on Maui resulting from the subject community via employment, wages, business operations, population, and other economic activity related to the real property asset?
4. What will be the benefits to the state and county "public purse" from the tax receipts and fees flowing from its development?

These issues were addressed through a comprehensive research and inquiry process utilizing data from market investigation, governmental agencies, various Hawaii-based media, industry spokespersons/sources, on-line databases, and published public and private documents.

The pertinent results of our study are highlighted in the following Executive Summary, comprising the body of our report, which contains a concise narrative and tabular synopsis of our conclusions. Additional materials, contained in data tables and models depicting the subject community's lifespan from commencement to completion, are presented in the Addenda.

Our narrative presentation is divided into four sections:

- 1. Primary Study Conclusions.**
- 2. Market Study of the WCT Components and Absorption Estimates.**
- 3. Economic Impacts of the Proposed Community.**
- 4. Public Fiscal Benefits Associated With WCT.**

Our initial market study scope was limited to the residential component of the proposed Waikapu Country Town community, which is the motivating constituent of the master plan.

However, we have also included a brief summary analysis of the business commercial element which was viewed specifically as:

- Serving the neighborhood retail/service/dining needs of the project residents and day workers.
- Providing live/work opportunities for small business, self-employed and entrepreneurs.
- Building on the existing low-intensity activity of the Maui Tropical Plantation to create a unique, scenic village core.

The commercial component is intended to be a supporting feature of the community, contributing to its relatively comprehensive planning and lifestyle theme, long-term sustainability, and internal employment and business opportunities. It is not intended to be directly competitive with existing and proposed Central Maui shopping centers that draw mass patronage from throughout the region (or island).

Primary source information regarding the subject community used in our study included:

- Maps, master plans, unit counts, density analysis, cost estimates and background materials provided by Waikapu Partners LLC, Planning Consultants Hawaii LLC, Hawaii Land Design, and other members of the development/consultant team.
- Resident population and housing projections, community plan materials and other data from the Maui County Planning Department.
- The United States 2010 Census and subsequent updates.

- Sales and listing data from the Maui Board of Realtors and Hawaii Information Service.
- Data from our files.

The WCT site and environs have been viewed by our firm on many occasions and specifically for this assignment. The effective date of study was June 15, 2015.

PRIMARY STUDY CONCLUSIONS

Based on our analysis of the subject property, its environs, and envisioned development we have reached the following conclusions as of June 2015 regarding the probable market standing and economic impacts of the proposed Waikapu Country Town project. Our study time-frame which serves as a basis for subject projections extends two decades to 2035, although it is anticipated all of the components of the community will be fully absorbed in a shorter period.

As our study and forecast period extends over 20-plus years with subject build-out and absorption requiring only a portion of the time-frame, our market-based findings and projections are not specifically time-sensitive, and should the project timeline move from commencement in 2016-17 to 2018-19 or in the near-term beyond, we would not anticipate major changes to our state conclusions.

Market Study

- Hawaii has steadily rebounded from the 2008-09 recession and associated down-cycle in the real estate market and is now within an extended-term favorable economic period featuring strengthening property sectors. Maui and Oahu have enjoyed the broadest and most extensive upward trending and had regained or surpassed virtually all of the ground "lost" by mid-2015. Expectations are for continuing economic expansion within the current up-cycle during 2015-17 (and into the mid-term) resulting in increasing demand for real estate inventory within a limited supply environment.

- Among the favorable economic indicators and trends on Maui, the unemployment rate has dropped to a current level of about 4.2 percent from a high of 9.1 percent during the depths of the recession; median household income has grown two percent in each of the last three years; residential sales activity and prices are moving upwards; commercial and industrial space absorption showed strong gains in 2014-15; and, total visitor days and spending have had annual escalations averaging more than 5 percent and 10 percent respectively since 2010. Only the commercial space market continues soft in some regions of the island.
- Regardless of the point in the economic cycle, there remains a chronic unmet demand for additional affordably-priced housing on Maui. While numerous directed projects have been proposed, along with other mixed-use developments with a workforce housing component, they have been slow to reach fruition; and, those in-development are failing to meet all demand segments in the upwardly-moving market.
- The "Wailuku-Kahului Study Area" (or "Central Maui") is the center for government, transportation and non-visitor economic activity on the island, and its most populous district. In addition to its historic standing as the location of a significant share of urban uses, it has again become a focal point for light industrial, commercial and residential development over the past two decades, with numerous major projects actively adding inventory, in-construction or proposed. The proximity to services, goods, transportation facilities, businesses and employment opportunities, ready access to the island's highway system, and a desirable climate will facilitate continuing demand for real estate into the long-term; although it will "lose" some of its market dominance as development continues in South (primarily) and West Maui.
- There were some 57,618 residents in the Wailuku-Kahului region as of mid-year 2015, and projections of

the resident population by 2035 (our study period time-frame) based on County and State forecasts range from circa 78,800 to 97,100, as shown below:

Scenario	Year-End	Projected Wailuku-Kahului Population				
	2013	2015	2020	2025	2030	2035
One: Minimum Based on Adjusted Planning Department Baseline Population Forecasts						
Residents	56,919	57,618	62,642	67,909	73,269	78,764
Two: Maximum Based on Planning Department Historical Trend Run Population Forecasts						
Residents	56,919	60,114	68,010	76,850	86,679	97,080

- There are an estimated 19,200 housing units in Central Maui of which some twelve percent are owned by non-residents as second/vacation homes. The average resident household size is just under 3.50 persons and is forecast to decline meaningfully in coming decades as a result of family/household trends and a changing mix of unit types from new development.
- There are an estimated twelve million square feet of gross leasable light industrial and commercial floor space in Central Maui, about three-quarters of the island-wide total, but a limited visitor-oriented component with only 462 total transient units (just 2.3 percent of the island total) and limited tourist-dominated retail.
- Waikapu is potentially a highly competitive location within the Maui housing market. It is considered to have distinctive, unique characteristics relative to nearby Wailuku and Kahului, although it represents the southerly boundary of their greater urban sphere. All of the just over 900 units of residential inventory built in the Waikapu Village area to date (less than five percent of the regional total) have been successfully absorbed, and the number of units available for resale is typically limited with only six active house listings at the report date, or just 0.66% of the total units in the community. It is considered desirable for its relative ease of access to the Wailuku/Kahului commercial and service centers as well as the resort employment areas in West and South Maui; for its cooler climate; panoramas across the isthmus to Haleakala; and, small town ambience.

- The subject property is a superior location for the proposed development in regards to access, views, topography, shape, consistency with nearby uses and land planning objectives, climate, and ability to provide a quality lifestyle and business opportunities for a wide-range of owners and end-users. It will have the attributes necessary to be highly competitive in all its product sectors, and will capture a reasonable market share during its offering period.
- We estimate the demand for new residential units in the Wailuku-Kahului study area will be from 9,647 to 16,814 units over the next 21 years (through 2035); including allowances for non-resident purchasers and vacancies, with a mid-point demand of 13,230 units. The number of existing unsold and planned resident housing units within the regional "Directed Growth Boundary", excluding the proposed WCT product, totals some 7,296 units. This indicates there will be a shortfall in the sector of from 2,351 to 9,518 new residential units; with a mid-point under-supply of 5,935 units. Our analysis indicates there will be sufficient unmet demand to readily absorb the 1,433 units of subject inventory during the projection period.
- The median price for a single family home in Central Maui (which includes many smaller, older homes/units) during the first half of 2015 was \$507,300 and at \$308,750 for a multifamily unit. Both indicators show meaningful appreciation since prices reached a post-recessionary nadir in 2011. Median prices are anticipated to increase into the long-term as thousands of higher priced new units manifesting the higher costs of land, construction, impact fees and entitlement, are added to the inventory, and appreciation (though cyclical) continues.
- We estimate approximately 75 percent of the demand for resident housing in the Wailuku-Kahului Study Area will be for units with a current price of \$660,000 or less; the upper-price threshold for meeting County affordability standards (160 percent of median household income),

with 30 percent of demand for units having a current price of less than \$330,000 (the 80 percent of median household income threshold).

- Multifamily units will comprise an increasing proportion of the total regional inventory, moving from the current 25 percent level to 45 percent over the coming two decades; by which time they will represent almost half the new product being added. About 73 percent of the proposed subject product is currently envisioned to be single family (homes or lots) and 27 percent multifamily units; a mix reflecting the lower-intensity/rural nature of WTC relative to other Central Maui developments. However, the master plan and Project District Ordinance will allow for adjustments in the unit mix as the market evolves over-time and should demand for multifamily units in the community increase.
- Pricing for the subject inventory will comply with the County of Maui "Residential Workforce Housing Policies". At this time, based on prevailing construction costs and interest rates, proposed lot sizes, and market conditions, the developer projects as much as 85+ percent of the inventory could potentially have prices meeting affordability guidelines for households with 140 percent or less of median household income on the island.
- Based on the limited availability of alternative Central Maui supply relative to demand and the favorable competitive characteristics of the subject location and proposed community, we estimate the 1,433 proposed residential units of WCT will require about 10 years to be fully absorbed following anticipated commencement of pre-sales in 2017, or at an average rate approaching 150 units annually. This represents only some 20 percent of total regional mid-point demand during the sales period; a moderate perspective which could readily be swifter if some proposed projects fail to reach fruition and the market standing of WCT achieves expectations. Ground-breaking and initial construction is not anticipated until circa 2018-2019.

While the master plan will provide the potential for some "ohana" units in the community, the number and their location have yet to be determined and we have excluded their impacts from our analysis, but do note their possibility would increase the desirability and absorption of those lots provided with the potential.

- Although the WCT holding has superior characteristics for general commercial development, including extensive frontage on two highways (and proposed connector road), and a gateway/intercept location, it is not the intent of the developers to compete for a broad spectrum of retail, restaurant and service tenants. Beyond a typical, appropriately-scaled village center to meet the daily "neighborhood" shopping needs of residents, guests and workers within a sustainable community, the remaining added commercial spaces are envisioned as creating a low-intensity, design-controlled, small-town environment similar to Makawao, Paia, Lanai City Square, Hanalei, or as seen in the exiting shops within Maui Tropical Plantation, with additional opportunities for live/work spaces and galleries.
- We estimate the demand for neighborhood commercial space by WCT residents and day workers at build-out will be some 85,100 square feet, with patronage by guests in the community, other Waikapu households, and passer-bys contributing an additional 34,000 square feet of demand on a stabilized basis. The remaining 50,500 square feet (of the total 169,600 square feet proposed) will be modestly absorbed over-time with specialized/niche businesses, many with cross-over appeal to residents and visitors, and keeping with the small town context. The developer's are hopeful the existing on-site Tropical Plantation shops will remain at WCT. We estimate it will require about 12 years for the proposed subject commercial space to be fully absorbed.

Our annualized mid-point subject residential unit absorption estimates are summarized on the table below.

PROJECTED SUBJECT RESIDENTIAL UNITS ABSORPTION			
Assuming 1,433 Residential Units			
With Sales Starting in 2017			
Year		Construction, Sale and Absorption Timing	Residential Units
Calendar	Development		
2016	1	Infrastructure Emplacement Commences	
2017	2	Infrastructure Completed, Vertical Construction & Pre-Sales Begin	150
2018	3	Initial Buildings Completed and Occupied	120
2019	4	Vertical Construction, Absorption and Sales On-Going	130
2020	5	Construction, Absorption and Sales On-Going	140
2021	6	Construction, Absorption and Sales On-Going	150
2022	7	Construction, Absorption and Sales On-Going	150
2023	8	Construction, Absorption and Sales On-Going	150
2024	9	Construction, Absorption and Sales On-Going	150
2025	10	Construction, Absorption and Sales On-Going	150
2026	11	Residential Component Completed	143
Totals			1,433

Note: Total excludes potential Ohana units which may be permitted within the community. The number and location of possible Ohana units are unknown at this time, with some developer materials discussing totals of about 150 units. For purposes of our analysis we have assumed only the 1,433 proposed non-Ohana units will be built and reflected this figure throughout our analysis.

Source: The Hallstrom Group/CBRE

The forecast absorption of the commercial component is shown below.

PROJECTED SUBJECT COMMERCIAL SPACE ABSORPTION BY PERIOD			
Gross Leaseable Area in Square Feet			
2016-2020	2021-2025	2026-2030	Total
42,399	110,238	16,960	169,597

Source: The Hallstrom Group/CBRE

Economic Impact Analysis

We have constructed a model depicting the economic impact of the WCT project on the Maui and Statewide community during the course of its "lifespan" from anticipated ground-breaking in 2016, through build-out and full absorption (2026-27), and reaching full "stabilization" by 2030. The model builds on the absorption estimates and data contained in our market study.

All estimated amounts are in constant 2015 dollars.

- The WCT development will bring in \$609.1 million of new, direct capital investment and significant indirect expenditures into the island's real estate market during

its build-out over a 12 year period (from 2016 to circa 2026-27), generate \$1.3 billion in total on-site economic activity during the construction and initial operations period, and some \$106.1 million in annual economic activity on a stabilized basis thereafter.

- The construction of the WCT components will directly create an estimated 2,320 "worker-years" of employment (the equivalent of 52 work weeks at 40 hours per week) in the trades and associated businesses during build-out, averaging about 193 worker years annually, with an estimated \$188.3 million in wages (averaging about \$15.7 million per year).
- The on-going operations and maintenance of the business commercial, and residential components will directly provide an estimated 4,251 worker-years and \$151.6 million in total wages over the 13-year period from opening of the first businesses until full absorption and stabilization are achieved (2018 to 2030). The operating businesses and maintenance of the housing units will support a projected 597 "full-time equivalent" positions following stabilization (many of which are anticipated to be held by WCT residents) with annual wages of \$19.5 million.
- Associated secondary/off-site employment during the overall development and absorption time-frame will total 1,750 worker-years with wages of \$89.3 million. After "stabilization" the community will contribute to the support of some 149 secondary/off-site positions with \$7.6 million in yearly wages off-site.
- We project about 45.5 percent of the new gross operating revenues ("total economic activity") within the project will come from spending by WCT households, with the remaining 54.5 percent will be from patronage by on-site workers, visitors and other non-project residents. The base economic impact on Maui will total at least \$778.6 million during build-out/absorption and \$106.1 million annually upon stabilization.

- These figures do not include the direct and off-site employment, wages and business activity generated by the in-place 29,000 square feet of the Tropical Plantation commercial spaces, or the potentials associated with the possible Ohana units envisioned in the master planning concept.
- At completion the de facto population of the community will be some 3,511 persons, comprised of 3,362 full-time residents and some 148 part-time residents and second home owners. The cumulative resident household income during the 13-years of residential occupancy and absorption of the modeling period (2018 through 2030) will total \$1.29 billion, and will stabilize at \$147.9 million annually thereafter. Discretionary expenditures into Maui businesses by the WCT de facto population will be some \$684.4 million during build-out and average \$78.3 million per year on a stabilized basis.
- Application of the State Input-Output Model macro multipliers depicting direct, indirect and induced economic impacts arising from development of WCT results in significantly higher economic out-flow indicators than those from our direct, subject-specific micro model.

The total State economic impact from construction of the project would reach \$1.29 billion, there would be 8,424 total worker-years of jobs created, and the total increase in earnings statewide would be \$371.5 million.

The State model also estimates the total annual economic output from business operations within WCT would be more than double the gross revenues at \$221.7 million annually on a stabilized basis, the total number of worker years attributable to the subject dollars flowing through the economy would be 2,015 positions annually, and the increase in direct earnings would be \$51.2 million per year.

Secondary Impacts

- The WCT project will have minor impacts on the socio-economic aspects of the surrounding community that relate to real estate issues.
 1. The proposed residential components will be compatible with existing and proposed housing developments located within the Directed Growth Boundary northerly of the property in regards to inventory type, pricing and market standing.
 2. The proposed commercial component will be appropriate in scale, design and uses within a "small town" context; intended to support the WCT residents and provide unique, low-intensity business opportunities. It will not contain big box or regional-type retailers, or is not intended to be directly competitive with on-going major commercial development in Wailuku and Kahului.
 3. 1,070 acres mauka and southerly of the village center will be kept in the Agricultural District (800 acres within perpetual agricultural easement) as a buffer from the urban uses for further outlying agricultural and conservation lands.
 4. Property values in the Central Maui are largely driven by external, cyclical economic factors within an existing (and expanding) cumulative mass, not any single new project. WCT will not, in itself, drive regional market values or real property assessments of nearby real estate upwards.
 5. It is not expected there will be meaningful in-migration to Maui as a direct result of the operating components of the project.
 6. A significant portion of the WCT residential inventory will meet Maui County workforce housing guidelines, providing new, competitively-

priced inventory across a broad-spectrum of purchaser demographics; contribute impact fees (and a school site) in support of regional civic and educational facilities; and provide live/work opportunities in a sustainable, appropriately-scaled project.

7. Residents and patrons of the community will have frontage along two major highways providing direct access to many areas of Maui without having to travel through, and increase the congestion of, the Wailuku-Kahului urban core.

Public Fiscal Benefits

- The County of Maui will realize Real Property Taxes (\$28.3 million), other secondary receipts, and impact fees totaling \$48.8 million during the 15-year projection period (2016-2030), and \$5.0 million annually on a stabilized basis thereafter.
- The State of Hawaii will receive Gross Excise and Income taxes, secondary revenues, and impact fees of \$228.0 million during the 2016-2030 period, and \$20.0 million per year thereafter.

As is typical of a residential-focused master planned community, with limited commercial components, and having a significant percentage of affordably-priced housing units for local families, the expense to the State and County from a “per capita basis” of all governmental operating costs perspective may exceed the specific on-site tax/fee revenue benefits.

However, given the existing emergency services and social services infrastructure available in nearby Wailuku and Kahului, the provision of a school site within WCT, payment of impact fees, and young age of the project components, it is unlikely the “actual” public cost burden associated with the project would exceed the revenues generated or independently require the need for major new public facilities.

Further, the unquantified off-site enhancements created by the residents within the larger Maui community coupled with the

substantial benefits provided by expanding the island's affordable housing inventory are primary social considerations beyond basic fiscal accounting.

The major economic impacts and public fiscal conclusions are summarized on the following table. The column on the left summarizes the cumulative impacts during the initial 15-year projection period (2016-2030) covering build-out/absorption and ramp-up to stabilization, and the right hand column the annual impacts after stabilization.

SUMMARY COMPARISON OF MAJOR ECONOMIC IMPACTS AND PUBLIC FISCAL COSTS/BENEFITS All Amounts Expressed in Constant, Uninflated 2015 Dollars		
Analysis Item	Cumulative During Projection Period 2016-2030	Stabilized Annually Thereafter
Direct Capital Investment	\$609,097,502	
Local Contractor's Profits	\$60,909,750	
Local Supplier's Profits	\$24,363,900	
Worker Years of Jobs	8,750	746
Employee Wages	\$451,200,219	\$27,096,572
Resident Population		3,362
Full-Time Resident Household Income	\$1,290,464,422	\$147,857,819
De Facto Population Expenditures (On & Off Site)	\$684,361,379	\$78,260,291
Total Operating Gross Receipts	\$778,598,969	\$106,061,686
Outside Patronage Expenditures	\$424,077,299	\$59,019,756
Total Maui "Base" Economic Impact	\$1,348,042,748	\$137,280,047
County of Maui Gross Tax and Fee Receipts	\$48,809,537	\$4,804,082
State of Hawaii Gross Tax and Fee Receipts	\$227,950,466	\$20,025,186

Source: The Hallstrom Group/CBRE

MARKET STUDY OF THE MASTER PLAN COMPONENTS AND ABSORPTION ESTIMATES

The Study Area Residential Market

The tables containing the model components summarized in this section are presented in Addenda Exhibit I.

An established pre-contact Hawaiian village, Wailuku, and later her sister city of Kahului, have been the center of Maui commerce, transportation, civic and residential development for more than 150 years. It became the County Seat in 1905.

Residential development was focused on the needs of the thousands of in-migrating sugar plantation workers and their families, with scattered outlying rural ranches/farms and small villages.

The area had a relatively static population for many generations, reflective of a stable agrarian-based, isolated economy, and development and facilities expansion was slow-paced.

The 1970 census reported the "Wailuku District" resident population at 22,219 persons, and the region had an estimated 5,750 housing units.

The coming of the island's tourism industry, bringing a new wave of in-migration, coupled with an on-going evolution towards a modern service-based economy, has resulted in rapid expansion of the resident population (and to a lesser degree de facto population) and in real development (residential, industrial and commercial).

At mid-year 2015, there were an estimated 57,618 residents in what is now called the "Wailuku-Kahului Community Plan" area. This represents a near-tripling of the count from 45 years previously, an increase of 35,400 persons, and a compounded annual population growth rate of 2.14.

Projections published by the County of Maui Planning Department in their *Socio-Economic Forecast: The economic projections for the Maui County General Plan 2030* (June 2006) estimate the resident population of Wailuku-Kahului will reach between 73,269 and 86,679 persons by 2030.

The *Maui Island Plan – General Plan 2030*, adopted in December 2012 projects the total resident population of the study area will only reach 64,853 persons by 2030; a significant drop from the

prior forecasts and reflective of the recessionary period in which they were made.

However, on consideration, these newer estimates are problematic as they show the resident population of Wailuku-Kahului declining by 2,090 persons between 2010 and 2015 (from 54,433 to 52,343 persons), an apparent inaccuracy; particularly given the rapid housing development in the area during the period.

Discussion with County Planners indicates they are aware of the discrepancy but stated that the figure for 2030 remains valid within the context of the Island Plan even if the interim model-outputs need revision. Further, they confirmed continuing to utilize the housing demand and land use forecasts based on the 2006 projections.

Given the recessionary depths in which the 2012 forecasts were made, our belief these recent projections will result an understatement of at least 5,000 to 10,000 persons in the region by 2030, and that the Planning Department continues to rely on the 2006 land use/housing forecasts to some degree, we have utilized the 2006 model for the WCT analysis.

If the 2015 Island Plan forecast were revised to reflect the reality of the growing (not shrinking) regional population from 2010 through 2015 and then trended forward to 2030 the resulting projections would fall into the range of the prior (2006) regional population estimates.

To provide at least a two decade study perspective we have lengthened the time-frame to 2035 by escalating the Planning Department forecasts by an additional five years at the effective 2025-2030 growth rate in the model. We project that by 2035 the resident population in the study area will be between 78,764 and 97,080 persons.

The average household size has dropped meaningfully in the past four decades to about 3.42 persons. It is anticipated to continue dropping over the coming 20 years to about 3.10 to 3.14 persons as families/household demographic dynamics

continue to change (nationwide) and new development changes the traditional mix of unit types in the area.

There were an estimated 19,200 housing units in the Wailuku-Kahului planning area as of the study date (mid-2015), with some 12-plus percent of the inventory owned by non-residents and used for vacation/second homes.

Today, about 75 percent of the residential inventory in the study area is of a single family type; 25 percent multifamily.

It is expected that the division in product type will continue to favor single family homes/lots, but that condominium development will meaningfully increase as a percentage of the total market as available entitled, serviced building sites become further scarce, infrastructure and land costs rise, and unit prices increase over time. Within the major in-development and proposed Central Maui master planned projects, the aggregate inventory is about evenly split between single and multifamily product.

Relative to many neighbor island areas, the balance between demand and supply in Wailuku-Kahului has been more stable than most, a product of its desirability for long-term residents. Like most elsewhere on Maui the market will be under-supplied from a long-term perspective and there remains significant unmet need for additional affordable housing opportunities.

Acknowledging the long-term trend towards smaller households, along with a conservative allowance of non-resident purchasers of 12 percent, and a vacancy allowance of three percent to achieve a stable market, we have quantified the total demand for new housing inventory in Wailuku-Kahului at from 9,647 to 16,814 units between mid-2015 and the end of 2035, with a mid-point of 13,230 units.

These figures are consistent with the 2006 Land Use Forecast (by Plan Pacific Inc.) which projects the need for a total of 28,719 housing units in the study region in 2030, while our model estimates the range at from 26,249 to 31,346 by that year.

The 2012 Island Plan section on housing states it is based on the Land Use Forecast and the previously cited 2006 forecasts, but does not provide specific unit count projections to couple with the revised population estimates.

Using housing affordability calculations and historic trends in the relationship between Maui residential pricing and household income level, we have estimated the range in unit selling prices best fitting the forecast demand for new units in the region over the next 20 years. New housing units in Wailuku-Kahului will need to be priced at (in 2015 dollars and second quarter prevailing interest rates):

- 30 percent under \$330,000, which meets affordability guidelines for a household of four earning 80 percent of the County median household income ("Low Income");
- 45 percent from \$330,000 to \$660,000, considered affordable to households earning from 81 percent to 160 percent of median County income ("Below Moderate" to "Gap Income" categories), with the greatest portion of this demand focused towards the lower end of the range for households earning from 81 percent to 120 percent of median income;
- 20 percent from \$660,000 to \$1,000,000; and
- 5 percent at over \$1,000,000.

Through May 2015, the median and average sales prices for "Central Maui" residential inventory sold through the Maui Board of Realtors Multiple Listing Service (which may not include all original unit sales) were:

<u>Single Family</u>	Median \$507,286 Average \$519,985
<u>Condominium</u>	Median \$308,750 Average \$316,655

Land

Median \$415,000
Average \$442,874

We note the "Land" category may contain some non-house lot transactions.

The disparity between "median" and "average" prices is among the lowest margin for any area on Maui, due to the scarcity of very high-end beachfront and in-resort inventory.

Based on review of EIS and master planning materials for the major proposed project in the Wailuku-Kahului study region, and data from the Planning Department, we project that by 2035 approximately 49 percent of the new housing inventory being constructed will be multifamily units, up from the current level of 25 percent, with single family (homes and lots) falling from 75 to 51 percent of the added product. By 2025, the mid-way point of our projection period, multifamily units will be at 45 percent of the offered inventory and single family 55 percent.

By 2025, multifamily units will comprise about 30 percent of the total Central Maui housing units and 36 percent by 2035.

Relative to past down economic cycles, there was not a significant amount of unsold new product "overhanging" in the study area waiting to be absorbed as the market recovered; and what existed was quickly absorbed in the recovery. As a result all projected demand must be met via new development.

There are numerous residential projects entitled, proposed, or announced in the study area.

As key part of the Maui Island Plan (2012) was to establish a "Directed Growth Plan" described as:

"Growth areas are established where future growth is desired. This will make development more predictable for everyone, including County service and infrastructure providers. This will help reduce development costs, provide more affordable housing, and lower taxes to the public."

The Planning Department, working with Citizen Advisory Committees (CACs), created a series of "Directed Growth Maps" maps showing existing in-place development and the extent/boundaries of the areas where future development should (and should not) occur.

Development areas are classified as either "Urban", "Small Town" or "Rural".

The proposed residential and commercial use areas of the larger WCT property are within the "Small Town" and "Rural" boundary areas of the Waikapu/Kahului section (Map C-3).

The WCT master plan appears to conform to the mapping guidelines.

While conformance with the directed growth maps acknowledges the planning/logistical and general community support for the WCT project, it still must successfully compete in the Central Maui real estate market for new home buyers with a significant number of other in-construction and proposed developments.

The level of potential supply of residential units in the WCT market area is significant.

The Maui County Planning Department, Long Range Planning Division has identified 39 projects (including WCT) totaling 8,700 potential units within the development boundary areas in Central Maui, summarized into three categories as follows:

POTENTIAL RESIDENTIAL UNIT SUPPLY IN CENTRAL MAUI AS IDENTIFIED BY MAUI PLANNING DEPARTMENT, INCLUDING WAIKAPU COUNTRY TOWN			
Project Status	Number of Units		
	Single Family	Multifamily	Total
Planned/Committed (1)	1,618	1,710	3,328
Percent of Total	48.6%	51.4%	100.0%
Planned/Designated (2)	892	319	1,211
Percent of Total	73.7%	26.3%	100.0%
Proposed (3)	1,771	2,390	4,161
Percent of Total	42.6%	57.4%	100.0%
Totals	4,281	4,419	8,700
Percentage	49.2%	50.8%	100.0%

(1) Have conforming Community Plan and zoning entitlements, or approved ag. Or DHHL subdivision.
 (2) Have urban or rural Community Plan designation but lack conforming zoning entitlements.
 (3) Are currently lacking urban or rural Community Plan designation and conforming zoning entitlements. Includes the subject project.

The majority of units, 5,372 or 72 percent of the total, are in proposed developments lacking some level(s) of approvals.

The 8,700 total potential units, including the WCT, falls below our forecast demand range for Wailuku-Kahului of 9,647 to 16,814 units. Thus even if all of the proposed units are built in a rapid manner during the coming two decades (a highly unlikely prospect) they will still fail to meet minimum demand requirements through 2035 by nearly 1,000 units. It is probable the shortfall in supply will be from 4,000 to 6,000 units, assuming WCT is built-out.

If WCT is excluded from the proposed development totals, the number of proposed units drops to 7,270 (rounded), resulting in a minimum shortfall of 2,380 units and a probable undersupply of from 5,400 to 7,400 units.

Further, not all of the proposed units in the study region will be available to meet demand in a timely or competitive manner as:

- Not all of the unapproved units will successfully gain necessary entitlements.

- Many development sites currently lack water and/or other critical service systems and may never obtain them, or will require decades for regional systems to extend/expand to service their property.
- Master planned projects, particularly larger proposed communities, are often not built out to maximum densities.

As a result, we consider it highly unlikely that all of the proposed regional units will be built and offered on the market during our projection time-frame stretching to 2035, encompassing the period when WCT will be constructed.

Excluding the WCT proposed units (which total only 1,404 on the list) there are 7,296 potentially competitive units in the study area.

For analytical purposes we have assumed that 100 percent of the number of proposed units, a highly bullish figure, would be constructed between 2016 and 2035. To the extent fewer units are built, which we consider probable, there will be less potential competition for the WCT.

This total will be insufficient to meet the minimum demand for housing in Wailuku-Kahului over the next 20 years.

We have estimated the probable market acceptance levels and resulting absorption of the residential component of the WCT master plan using three methodologies.

- Gross Demand/Supply Comparison -- This technique assumes that if there is insufficient existing and planned supply to meet projected market gross demand levels during the projection period there is rational support for the subject units.
- The Residual Method -- In this technique, the competitive inventory planned for the study area over the projection period is placed on a time-line depicting their combined anticipated rates of absorption or assuming a reasonable

market share. To the extent this periodic supply of units falls short of the forecast periodic demand for product in Wailuku-Kahului, an undersupply situation is present and there is "residual" demand remaining for the WCT inventory. This method is considered the most conservative as it allows the proposed competitive product to achieve their full absorption potential before any residual demand flows to absorb the subject.

- The Market Shares Method -- This approach accounts for the probable competitiveness of the subject inventory regardless of the total level of product being otherwise offered on the market. In essence, it is an estimate of how much of the total forecast demand in the Wailuku-Kahului region the subject could expect to capture on an annual basis in light of its location, product type, estimated pricing, perceived competitiveness, and amenity/lifestyle characteristics.

Without the WCT units Gross Demand for additional housing units in the study area will fall short of anticipated supply by between 2,351 (minimum) and 9,518 units (maximum), with a mid-point shortfall of some 5,934 units, by 2035. This method indicates full absorption of the subject units could be achieved within a six to twelve year period.

Even if all 7,296 of the proposed non-subject units in the region achieve reasonable development speed and absorption velocities and are fully built-out and absorbed by the early 2030s, there will still remain substantial unmet Residual Demand (mid-point) for both single family homes/lots and multi-family units in every five-year projection period from 2016 through 2035.

And, as WCT has water and support systems available to pursue timely development it should receive most (if not substantially) all of the regional residual demand.

Using mid-point demand estimates, the residual demand available will be sufficient to absorb the subject units in a timely

manner within a 6 to 10-year exposure period (pre-sale to sell-out) commencing in 2017.

Given the desirable location, its master-planned amenities, anticipated pricing, and generally comprehensive lifestyle envisioned for WCT, it will achieve a solid market standing and prove strongly competitive in the regional housing market; able to garner a significant share of demand even though there may be large numbers of competing units proposed.

We estimate the subject could readily achieve an average Market Shares (or "Capture") Rate approaching 20 percent, or just one/fifth, of the total Wailuku-Kahului demand for new housing units.

A total absorption period for the subject residential product of between about 8.5 years and 15.5 years is indicated by this analysis.

Correlation of the three absorption techniques indicates the 1,433 proposed units of the WCT master plan will achieve full absorption within approximately ten-years of initial pre-sale offerings; which are anticipated to commence in 2017.

**The WCT
Commercial
Component**

The tables containing the model components summarized in this section are presented in Addenda Exhibit II.

As previously noted, the residential component of WCT, the driving force behind the master plan, was our analytical focus. With on-site commercial demand a secondary consideration and only briefly analyzed.

Commercial uses are intended as a supporting component enhancing the lifestyle of and economic opportunities for the project residents; to be restricted in character; and, not in direct competition with the more intensive general commercial inventory in Wailuku and Kahului.

Our commercial analysis is internally focused, not a detailed regional demand/supply analysis.

The primary objective for commercial uses at WCT will be to:

- Meet the daily "neighborhood" retail, restaurant, service and support commercial demands created by residents and workers in the community along with their guests and customers.
- Support live/work, small business, and sole proprietor opportunities within a mixed-use environment.
- Create a more comprehensive, sustainable and desirable community with a true "town core" providing employment opportunities and proximate services.
- Build on the existing unique retail platform at the Maui Tropical Plantations site and attract a mix of locally-owned specialty and artisan/craft shops that would appeal to visitors and residents as a destination experience.

It is not an objective of the updated master plan for WCT to become a major regional/island shopping destination or support big box development.

Demand for business commercial space is a direct function of the number of consumers in the effective trade area. Each individual, resident or visitor, generates the "need" for more retail opportunities.

At present, there is some 4.6 million square feet of commercial floor space on Maui, or the equivalent of 29.9 square feet of gross leasable area per resident and 22.2 square feet per capita of the de facto population (residents and visitors).

This is slightly above the statewide averages of 23.6 square feet and 22.6 square feet, respectively, and a moderate to lower-moderate amount for an economy of Maui's size and composition relative to similar markets; particularly given that being an island consumers can't readily access other nearby trade areas.

Neighborhood retail uses typically constitute about 45 to 55 percent of per capita demand, with Service Commercial, Medical and Support commercial spaces combining for another 20 to 30 percent of the total. The remaining 15 to 35 percent of per capita demand is oriented towards big boxes, major centers, destination and specialty retailers and in-hotel space.

Using these figures in conjunction with the projected WCT resident and de facto populations, numbers of on-site workers, and conservative allowances for patronage by guests, other Waikapu residents and passer-bys, we have estimated the amount of neighborhood gross leaseable floor space would be required to moderately service WCT on an internal basis.

Our calculations indicate the WCT master plan should include a minimum of some 119,142 square feet of neighborhood commercial space in order to be a sustainable community and meet the daily needs of a functioning town, as show on the following table.

SUMMARY OF NEIGHBORHOOD COMMERCIAL SPACE DEMAND CREATED BY WAIKAPU COUNTRY TOWN BY BUILD_OUT AND STABILIZATION		
1. Stabilized Subject Population		
De Facto Population		3,503
Full Time Equivalent On-Site Workers		567
2. Project Resident Per Capita Demand for Commercial Space (in Gross Square Feet per Person)		
Total for All Commercial Needs (1)		30.0
"Neighborhood Retail" Space Demand as Percent of Total		55%
Total Per Capita "Neighborhood Retail" Commercial Space Demand in Square Feet		16.5
Allowance for "Service Commercial/Medical" Space (40% of Neighborhood demand)		6.6
Allowance for "Support/Other/Destination Commercial" Space (20% of Neighborhood demand)		3.3
Total Per Capita Floor Space Demand for Resident-Oriented/Neighborhood Commercial Space		26.4
Capture Rate of In-Project Resident Neighborhood Demand		90.0%
Total Floor Space Demand for Resident-Oriented/Neighborhood Commercial Space		83,231
3. In-Project Worker Per Capita Demand for Commercial Space (in Gross Square Feet per Person)		
Estimated Percent of Workers not Residing in Project		50.0%
Non-Resident Workers Patronizing Subject Commercial Businesses		283
Total Per Capita Floor Space Demand by Workers for Neighborhood Commercial Space (2)		6.6
Total Floor Space Demand by Workers for Neighborhood Commercial Space		1,870
3. Indicated Subject Commercial Floor Space Demand		
From Subject Project Population		85,101
Patronage From Other Sources	% of Community Demand	
Nearby Population in Non-Subject Projects	15%	12,765
Guests/Passer-Bys and Others	25%	21,275
Total Estimated Gross Floor Space Demand at Stabilization		119,142

(1) Based on mid-point per person spatial demand in 2030.

(2) Based on capture rate of 25 percent of per capita resident demand in square feet.

Source: The Hallstrom Group/CBRE

The remaining 50,455 square feet of proposed subject commercial floor space would be absorbed by live/work and small businesses, and specialty retailers/service providers in the Town Core and on the Maui Tropical Plantation site.

Overall, we estimate it will require approximately 11 to 12 years, from the start of space pre-leasing in 2017 until 2027-28 to absorb the proposed additional 169,597 square feet of floor area at WCT, an average of about 15,000 square feet annually.

ECONOMIC IMPACTS FROM DEVELOPMENT

Selected summary tables from the modeling process are contained in Addenda Exhibit III. The primary sources and variables contributing to the model are footnoted on each table. All monetary figures are expressed in constant 2015 dollars.

WCT will be a major addition to the Maui economy over the coming decades, creating significant numbers of construction and on-going jobs during its build-out and beyond, attracting meaningful capital investment, and providing new and unique business opportunities.

In order to forecast the primary economic impacts resulting from the development of the WCT, we have constructed a model depicting the "lifespan" of the project from groundbreaking (assumed in 2016), through the completion of construction/absorption and full stabilization by 2030.

The total "Build-Out" time-frame in the model stretches across 12-years, commencing in 2016, with pre-sales/leasing starting in the second year (2017), and the initial buildings completed in the third year (2018). The residential component will be completed and fully absorbed by 2026, the commercial component by 2027-28, and fully stabilized operations by 2030.

We note even if the project timeline slips due to entitlement or other issues, the quantified economic impacts would not meaningfully change (apart from inflation). The job counts, resident population, economic activity, and other forecasts would remain relatively constant whether WCT breaks-ground in 2016-17 or 2018-19.

Sources for the primary model factors include:

- Construction timing/phasing and costs were estimated by the development team.
- Job counts were taken from similar projects and operations, and/or based on industry standards.

- Wages are based on data from the State Department of Labor & Industrial Relations.
- Household size, income and spending, and de facto population estimates were based on government materials including US Department of Housing and Urban Development and census data.
- Business activity variables are based on our analysis of similar use-types on Maui and statewide.

The development and build-out of WCT over a circa 12 year period will infuse some \$609.1 million in capital investment into the Maui economy. Local contractor and supplier profits are estimated to total more than \$85.3 million.

The construction of the 1,433 housing units and 169,600 square feet of commercial floor area and in the project will require an estimated 2,320 "worker years" in a variety of trades, suppliers and services; an average of 193 Full Time Equivalent (FTE) positions per year for the 12 years of building.

Most of these positions will not be new jobs for new businesses, but work flowing to existing contractors and suppliers.

The 169,600 square feet of new commercial operations will generate some 4,251 FTE worker years during the 2016-2030 projection period, providing stabilized employment for 531 permanent positions. This total does not include the employment, wages or business activity contributions of the existing 29,250 square feet of commercial space in the Tropical Plantation which will be retained.

The project will also require an estimated 66 worker years of maintenance and common element employment on a continual basis, and will generate some 1,750 worker years of off-site employment from 2016-2030 and a stabilized demand for 149 FTE positions.

In aggregate, during the development of WTC 8,750 worker years of employment will be created in construction and

operations, on-site/direct and off-site/indirect, with stabilized employment after completion of 746 jobs.

Wages paid to construction workers will total an estimated \$188.3 million. Employment related to commercial and maintenance operations over the projection time-frame will total \$262.9 million including on-site/direct (\$151.7 million) and off-site/indirect (\$89.3 million), and stabilize at \$27.1 million annually in 2030 and beyond.

At build-out the de facto population of WCT will be some 3,511 persons of which 3,362 (or 96 percent) will be full-time residents. There will also be an average of 148 persons daily populating the community comprised of non-resident owners and their guests periodically using their "second" unit/home.

Resident household income during the projection period will total \$1.29 billion and average \$147.9 million annually on a stabilized basis. Non-resident spending will average \$4.3 million annually once stabilized.

Discretionary expenditures into Maui businesses by the WCT population are estimated at \$684.4 million from 2016 to 2030, and \$78.3 million per year on a stabilized basis.

After completion of the community, the on-site commercial/business and maintenance activity will generate an estimated \$106.1 million in revenues/sales per year; the majority coming from the new commercial (retail, restaurant and service) operations. During the build-out period, all activities will combine to total some \$778.6 million in gross income.

During the 2016-2030 build-out/ramp-up period, the WCT de facto population is estimated will create about 45.5 percent of total on-site sales and business activity, the remaining 54.5 percent by customers (primarily on-site workers, visitors/guests, passer-bys and other Waikapu residents). On a stabilized basis, the figure is anticipated to marginally decline to 44.4 percent.

During the 15 years projection period, WCT will have a base economic impact on Maui of some \$1.3 billion with a stabilized annual benefit of \$137.3 million thereafter.

Not all of this spending will be "new" to Maui. A small portion, specifically the commercial demand created through intercept of non-project or other Waikapu residents, represents a relocation of their patronage from other commercial locations. Similarly, there will be some businesses which are relocating to WCT for a variety of unique reasons and not newly created or an expansion outlet.

However, our demand calculations are based on overall growth in the Maui economy creating the need for new commercial space. So whether that new growth takes place in WCT, or it is a new business filling the vacated space elsewhere, a similar level of economic expansion will take place on Maui. Our task is to identify the specific economics related to the development of the subject property.

We have also analyzed the impacts of the project for Maui and Statewide using the *State Input-Output Economic Model* Type II multipliers. These factors quantify the total Direct, Indirect and Induced "effects" of various forms of business and spending activity as it flows through the economy of the islands.

In every instance, application of the macro Input-Output multipliers resulted in higher dollar, employment and tax revenue indicators than in our subject-focused micro model which was designed to reflect Direct and upper-level Indirect impacts only.

Among the outputs using the State method:

- The \$609.1 million in cumulative WCT construction costs will generate a total State Economic Output of \$1.29 billion.
- Direct subject construction wage earnings of \$188.3 million will yield \$380.4 million in statewide wage earnings.

- Indirect and induced State taxes associated with construction will total more than \$73.1 million.
- Direct effect jobs created by WCT construction employment will be 2.68 times the number of on-site workers, or a total of 6,217 worker years of employment. The total job multipliers from the construction activity as it spreads directly and indirectly across the islands will be 13.83 times the on-site employment, or more than 8,424 worker years during the build-out period.
- The \$738.9 million in cumulative business activity during the 15-year build-out/projection period equates to a total State Economic Output of \$1.54 billion. On a stabilized basis, the \$106.1 million in annual business activity will result in \$221.7 million in total impact per year.
- Direct on-site wages paid by operating businesses of \$451.2 million from 2016 through 2030 will yield \$852.8 million in direct-effect statewide wage earnings. Upon stabilization, the direct wages of \$27.1 million annually equates to \$51.2 million in other wages.
- Indirect and induced State taxes associated with business operations will total \$118.2 during build-out and \$17.0 million more per year thereafter.
- Direct effect jobs created by WCT business operations will be about 2.05 times the number of on-site workers, or a total of 9,595 worker years of employment during the projection period, and 1,224 annually after stabilization.

WCT will have nominal impacts on the socio-economic aspects of Wailuku-Kahului that relate to real property issues. Property values in the study area are largely driven by external, cyclical economic factors and cumulative mass, not any single new project.

The envisioned subject project homes are, for the most part, to be moderately priced; within the range for other new single family product and multifamily units in the study area. They

will have a diversity of scale and style that will be generally consistent with Central Maui residential development and the other proposed master planned projects on the island.

The project will fit in well with the emerging and proposed mixed-uses in the Honoapiilani Highway corridor. The residential component of the project is designed to house any in-migration to Maui as a direct result of WCT or its operating components, and meet the County's affordability and workforce housing requirements.

PUBLIC FISCAL BENEFITS ASSOCIATED WITH THE PROJECT

The master summary table from the modeling process is presented in Exhibit IV.

Maui County and the State of Hawaii will receive millions of dollars in tax receipts from the construction and "operation" of WCT, from numerous revenue sources.

For the County, the primary tax source will be from Real Property Taxes paid by the owners of the various privately-owned WCT residential and commercial components.

The potential property tax receipts were estimated by applying current prevailing tax rates against the projected market value of the finished inventory which was calculated as shown below (total construction costs, plus allocated infrastructure costs and underlying land value, plus developer's profit).

Quantification of Assessed Values for Components of Proposed Waikapu Country Town In Constant 2015 Dollars					
Commercial		Single Family (1)		Multifamily	
Total Gross Floor Area in SF	169,597	Total Homes to be Built	1,050	Total Units to be Built	383
Cost to Build per SF	337	Avg Home Size in SF	1,618	Avg Unit Size in SF	804
Total Cost to Build	\$57,154,189	Cost to Build per SF	175	Cost to Build per SF	175
Plus Land/Infra. Allocation	\$21,199,625	Total Cost to Build	\$283,150	Total Cost to Build	\$198,000
Plus Developer's Profit	\$6,268,305	Plus Infrastructure Allocation	\$150,131	Plus Infrastructure Allocation	\$70,698
Total Commercial Value	\$84,622,119	Plus Land Allocation	\$85,000	Plus Land Allocation	\$25,000
Value per Square Foot	\$498.96	Plus Other Costs & Profit	\$49,856	Plus Other Costs & Profit	\$24,610
		Total Average Home Value	\$568,137	Total Average Unit Value	\$318,308

(1) Includes 970 urban homes averaging 1,473 square feet and 80 rural homes averaging 3,375 square feet. Overall single family average of 1,618 square feet.

Source: The Hallstrom Group/CBRE

It was assumed the average assessed value for a finished single family home (combined urban and rural houses) would be \$568,137, that multifamily units would have an average assessment of \$318,308, and that commercial holdings were assessed at a total (land and improvements) averaging \$499 per square foot. The developer-envisioned overall price/assessed value range for single family homes would be from about \$350,000 to about \$1.8 million, and for multifamily units about \$220,000 to \$420,000.

Appropriate deductions were made for homeowner exemptions, assumed to be \$200,000 within the model; with all resident households receiving the exemption. Based on market study data it is estimated that 85 percent of the WCT residential units would be owned by Maui residents and that about 60 percent would be owner/occupied. This results in 51 percent of the total number of units being eligible for the exemption and "homeowner" assessment rate status, and 49 percent not being eligible.

The total net assessed value of WCT inventory, land and improvements, before and after homeowner's exemptions, would be as follows upon build-out:

NET ESTIMATED REAL PROPERTY TAX ASSESSMENTS FOR PROJECT AT BUILD-OUT				
Property Type	Total No. of Units (Sq. Ft. for Commercial)	Average Assessed Value per Unit	Before Homeowner's Exemptions	After Homeowner's Exemptions
Single Family	1,050	\$568,137	\$596,543,850	\$489,443,850
Multifamily	383	\$317,194	\$121,485,345	\$82,845,964
Commercial	169,597	\$499	\$84,622,119	\$84,622,119
		Total	<u>\$802,651,314</u>	<u>\$656,911,933</u>

We estimate the County will receive some \$28.3 million in real property tax receipts during the 15-year build-out/projection period from 2016 through 2030, and annual collections of \$3.1 million on a stabilized basis thereafter.

Real Property Taxes (RPT) are forecast to generate about 64.6 percent of total Maui County General Fund revenues in the Mayor's proposed Fiscal Year 2016 budget, with secondary taxes and fees the forming the remainder. It is logical to assume the WCT development and business activities will generate secondary taxes in proportion to RPT as does the overall Maui community.

The secondary Maui County receipts are equal to 55 percent of the RPT total (35.4% divided by 64.6%).

Application of this ratio to the WCT property tax sum results in a cumulative total estimated County tax collection from the subject of \$43.8 million during the initial 15-year projection period, and \$4.8 million annually on a stabilized basis.

Additionally the County will receive a minimum of \$5.0 million in impact fees for parks, water service and wastewater service, or circa \$3,489 per unit on average. Further fees may be imposed. These fees push the total County collections (primary taxes, secondary taxes and impact fees) to \$48.8 million during the development-to-stabilization period.

Development Period	Totals During Build-Out Period	Stabilized Annually After Build-out
TOTAL GROSS PUBLIC REVENUES		
To County of Maui (Item #1)	\$28,279,284	\$3,101,060
Adjustment for Other Proportional Taxes	1.55	1.55
Adjusted Maui County Revenues	\$43,809,537	\$4,804,082
Plus Impact Fees (2)	\$5,000,000	
Total County of Maui Receipts	\$48,809,537	\$4,804,082

The State of Hawaii will receive an estimated \$97.7 million in primary receipts from State Income Taxes from worker wages, resident household incomes and profits from operating businesses based on average statewide corporate and personal payments rates of 4.4 percent and 5.1 percent, respectively, applied against the economic model forecasts.

On an annualized basis after stabilization of the community in 2030, the State will generate income taxes of \$9.6 million; the majority (95 percent) from personal returns of WCT residents.

	Totals During Build-Out Period	Stabilized Annually After Build-out
STATE INCOME TAXES		
Taxable Personal Income	\$1,741,664,640	\$174,954,391
Taxable Corporate Profits	\$202,063,496	\$15,909,253
Personal Taxes Paid	\$88,824,897	\$8,922,674
Corporate Taxes Paid	\$8,890,794	\$700,007
TOTAL STATE INCOME TAXES	\$97,715,690	\$9,622,681

The State will collect Gross Excise Taxes (GET) of 4.166 percent on the gross amount of building contracts, construction supplies, spending by workers and residents, and outside patronage at operating businesses in the community. During the 15-year construction, absorption and ramp-up period these receipts will total \$81.0 million and a stabilized amount of \$6.4 million annually.

	Totals During Build-Out Period	Stabilized Annually After Build-out
STATE GROSS EXCISE TAX		
Taxable Transactions		
Construction Contracts	\$609,097,502	
Worker Disposable Income Purchases	\$225,600,109	\$16,257,943
Resident Population Discretionary Expenditures (on/off site)	\$684,361,379	\$78,260,291
Non-Resident Patronage Expenditures	\$424,077,299	\$59,019,756
Total Taxable Transactions	\$1,943,136,289	\$153,537,991
TOTAL STATE EXCISE TAX	\$80,964,660	\$6,397,467

In recent fiscal years, Income Tax and GET have generated about 80 percent of total State revenues, and secondary taxes and fees the remainder. We anticipate WCT activity will result in similar ratios of secondary taxes flowing from the project relative to the primary sources quantified.

The secondary State receipts are equal to 25 percent of the Income Tax and GET totals (20% divided by 80%).

Application of this ratio to the WCT income tax and GET sums results in a cumulative total estimated tax collection from the subject of \$223.4 million during the initial 15-year forecasting period, and \$20.0 million annually on a stabilized basis.

Additionally the State will receive a minimum of \$4.6 million in Department of Education school impact fees, an average of \$3,210 per housing unit. Further fees may be imposed. These fees push the total State collections (primary taxes, secondary taxes and impact fees) to \$228.0 million during the development period.

	Totals During Build-Out Period	Stabilized Annually After Build-out
To State (Income Tax and GET)	\$178,680,350	\$16,020,149
Adjustment for Other Proportional Taxes	1.25	1.25
Adjusted State Revenues	\$223,350,438	\$20,025,186
Plus Impact Fees	\$4,600,028	
Total State of Hawaii Receipts	\$227,950,466	\$20,025,186

As is typical of a residential-focused master planned community, with limited commercial components, and having a significant percentage of affordably-priced housing units for local families, the expense to the State and County from a “per capita basis” of all governmental operating costs perspective may exceed the specific on-site tax/fee revenue benefits.

However, given the existing emergency services and social services infrastructure available in nearby Wailuku and Kahului, the provision of a school site within WCT, payment of impact fees, and young age of the project components, it is unlikely the “actual” public cost burden associated with the project would exceed the revenues generated or independently require the need for major new public facilities.

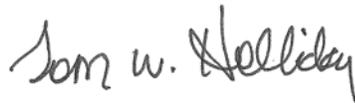
Further, the unquantified off-site enhancements created by the residents within the larger Maui community coupled with the substantial benefits provided by expanding the island’s affordable housing inventory are primary social considerations beyond basic fiscal accounting.

CERTIFICATION

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 are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have 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.
- The Hallstrom Group | CBRE, Inc. has not performed appraisal/consulting services, or services 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.
- I have performed no services, 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.
- I have no bias with respect to the property that is/are the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results, a requested minimum valuation, specific valuation, or the approval of a loan.
- My 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 analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.



Tom W. Holliday

/as

15-251LA-0662

ADDENDA

QUANTIFICATION OF HOUSING UNIT DEMAND FOR THE WAILUKU-KAHULUI STUDY AREA 2015 TO 2035 Market Study of the Proposed Waikapu Country Town Waikapu, Maui, Hawaii						
	2015	2020	2025	2030	2035	Additional Units Required by 2035
Scenario One: Minimum Based on Adjusted Planning Department Baseline Population Forecasts (2)						
Resident Population	57,618	62,642	67,909	73,269	78,764	
Average Household Size (2)	3.42	3.35	3.28	3.21	3.14	
Total Resident Units Required	16,847	18,699	20,704	22,825	25,084	
Vacancy Allowance (3 % of resident unit demand)	505	561	621	685	753	
Non-Resident Purchaser Allowance (3) (12% of resident unit demand)	2,022	2,244	2,484	2,739	3,010	
TOTAL MARKET UNIT DEMAND	19,374	21,504	23,810	26,249	28,847	9,647
Scenario Two: Maximum Based on Planning Department Historical "High" Population Forecasts (Unadjusted)						
Resident Population	57,618	68,010	76,850	86,679	97,080	
Average Household Size (2)	3.42	3.34	3.26	3.18	3.10	
Total Resident Units Required	16,847	20,362	23,574	27,258	31,316	
Vacancy Allowance (3% of resident unit demand)	505	611	707	818	939	
Non-Resident Purchaser Allowance (3) (12% of resident unit demand)	2,022	2,443	2,829	3,271	3,758	
TOTAL MARKET UNIT DEMAND	19,374	23,417	27,110	31,346	36,014	16,814
CONCLUDED HOUSING UNIT DEMAND RANGE						
	2015	2016-2020	2021-2025	2026-2030	2031-2035	Totals
MINIMUM DEMAND						
Periodic	174	2,130	2,305	2,439	2,598	9,647
Cumulative	174	2,304	4,610	7,049	9,647	
Average Annual Demand	N/A	426	461	488	520	
MAXIMUM DEMAND						
Periodic	174	4,042	3,693	4,237	4,668	16,814
Cumulative	174	4,217	7,910	12,146	16,814	
Average Annual Demand	N/A	808	739	847	934	
MID-POINT DEMAND						
Periodic	174	3,086	2,999	3,338	3,633	13,230
Cumulative	174	3,260	6,260	9,598	13,230	
Average Annual Demand	N/A	617	600	668	727	

Note: The 2006 Socio-Economic Forecast "Baseline" Model projects a demand for 6,978 additional housing units in Wailuku-Kahului region between 2015 and 2030. Our "Adjusted Baseline" calculations (Scenario One) quantify demand for the same period at 6,875 additional units. Their "High" trend model projections result in demand for circa 11,500 additional housing units in the study area between 2015 and 2030. Our high model projections show demand for 9,647 additional units.

- (1) According to the 2010 US Census, there were 54,433 residents in the Primary Study Area (Kahului, Wailuku, Waihee-Waiehu, and Waikapu CDPs). This figure escalated to mid-year 2015 at compounded annual growth rate of 1.5 percent.
 - (2) Adjusted from 2006 projections upwards by 2.9 percent based on figures from the 2010 census. Forecasts for 2010 were at 51,331 persons 2.9 percent.
 - (3) Census reported average household size for Primary Study Area in 2010 was between 3.46 persons (computed) and 3.49 persons (based on survey).
- (3) There were 17,760 total "housing units" in the Primary Study Area in 2010 according to the Census. We estimate the current unit count is now 19,200.

TABLE I-2

Exhibit I

2010 CENSUS FIGURES FOR THE WAILUKU-KAHULUI PLANNING AREA
Market Study of the Proposed Waikapu Country Town
Waikapu, Maui, Hawaii

Census Designated Place	Resident Population	Total Housing Units	Number of Households (1)	Average Household Size (2)		Homeownership Rate	Non-Resident Ownership (3)	Multi-Family Units as % of Inventory
				Computed	Survey			
Kahului	26,337	7,773	6,721	3.92	3.65	56.7%	13.5%	28.2%
Wailuku	15,313	6,250	5,326	2.88	2.92	63.8%	14.8%	28.7%
Waihee-Waiehu	8,841	2,459	2,517	3.51	4.06	81.6%	3.0%	9.2%
Waikapu	2,965	909	879	3.37	3.37	78.0%	3.3%	0.0%
CDP Total	53,456	17,391	15,443	3.46	3.49	63.9%	12.0%	24.2%
Spreckelsville/Other	977	279	*	3.50				
Planning Area Total	54,433	17,670						

(*) Estimated.

(1) Average during six-year period 2007-012. This causes a slight disconnect in regards to the Waihee-Waiehu CDP figure.

(2) "Computed" calculated by dividing resident population total by number of households. "Survey" are based on answers given to US Census.

(3) Percentage of total housing units not used by resident households.

Source: 2010 US Census, and The Hallstrom Group/CBRE

TABLE I-3

Exhibit I

ESTIMATE OF HOUSING PRICE AFFORDABILITY FOR MAUI RESIDENTS IN 2015			
Market Study of the Proposed Waikapu Country Town			
Waikapu, Maui, Hawaii			
Assuming Family of Four, 4.0 Percent Mortgage Interest Rate			
1. Based on HUD/Maui County Criteria for Three-Bedroom Single Family House			
Grouping	Low Income	Below-Moderate to Moderate Income	Above-Moderate to Gap Group Income
Household Income as a Percent of County Median	80% or less	81% to 120%	121% to 160%
Gross Household Monthly Income, Using Maximum for Category (1)	\$5,007	\$7,510	\$10,013
Amount Available for Debt Service (2)	\$1,502	\$2,253	\$3,004
Maximum Mortgage Amount (3)	\$314,611	\$471,916	\$629,222
Down payment at 5% of Sales Price	\$16,558	\$24,838	\$33,117
Total Affordable Purchase Price, Maximum for Category	\$331,169	\$496,754	\$662,339
Indicated Affordable Price Range for Category (Rounded)	Up to \$331,000	\$331,000 to \$497,000	\$497,000 to \$662,000
County Pricing Guidelines for Other Unit Sizes and Types for 2015 (3)			
Single Family			
One Bedroom House	\$231,840	\$347,760	\$463,610
Two Bedroom House	\$281,520	\$422,280	\$552,955
Three Bedroom House	\$331,200	\$496,800	\$662,300
Four Bedroom House	\$380,880	\$571,320	\$761,645
Multi-Family			
One Bedroom Unit	\$280,670	\$312,970	\$417,270
Two Bedroom Unit	\$253,385	\$380,035	\$506,685
Three Bedroom Unit	\$298,100	\$447,100	\$596,100
Four Bedroom Unit	\$342,815	\$514,165	\$685,515
2. Based on Conventional Financing Criteria			
Grouping	Low Income	Below-Moderate to Moderate Income	Above-Moderate to Gap Group Income
Gross Household Monthly Income	\$5,007	\$7,510	\$10,013
Maximum Allowable Housing Expense (4)	\$1,402	\$2,103	\$2,804
Maximum Mortgage Amount (5)	\$293,665	\$440,497	\$587,329
Down payment at 20% of Sales Price (6)	\$73,416	\$110,124	\$146,832
Total Affordable Purchase Price	\$367,081	\$550,621	\$734,161
Indicated Affordable Price Range for Category (Rounded)	Up to \$367,000	\$367,000 to \$551,000	\$551,000 to \$734,000

3.96% annual average mortgage interest rate for last 12 months Freddie Mac Primary Mortgage Market Survey (June 2014 through May 2015).

Note: Total Purchase Price estimate excludes any points associated with financing.

(1) Utilizing US HUD 2015 median household income estimate for Island of Maui of \$75,100 annually for family of four.

(2) Based on Maui County mortgage affordability criteria at 30% of gross income, apart from any reserves.

(3) Assuming 4.0% annual interest and 30 year mortgage with 5% down payment, no discount points.

(4) Conventional financing with maximum monthly mortgage payment at 28% of gross income, apart from any reserves.

(5) Assuming 4.0% annual interest and 30 year mortgage, with 20% down payment.

(6) Conventional financing standard.

Source: Maui County Dept. of Housing and Human Concerns, and The Hallstrom Group/CBRE

TABLE I-4

Exhibit I

**2015 MONTHLY AFFORDABLE RENT GUIDELINES FOR MAUI COUNTY
BY UNIT SIZE AND PERCENTAGE OF MEDIAN FAMILY INCOME
Market Study of the Proposed Waikapu Country Town
Waikapu, Maui, Hawaii**

Percent of Median Income	Unit Size By Number of Bedrooms					
	Studio	1 BR	2 BR	3BR	4 BR	5 BR
10%	\$132	\$141	\$169	\$195	\$218	\$240
20%	\$263	\$282	\$338	\$391	\$436	\$481
30%	\$394	\$422	\$507	\$586	\$653	\$721
40%	\$526	\$563	\$676	\$781	\$871	\$961
50%	\$657	\$704	\$845	\$976	\$1,089	\$1,202
60%	\$789	\$845	\$1,014	\$1,172	\$1,307	\$1,442
70%	\$920	\$986	\$1,183	\$1,367	\$1,525	\$1,682
80%	\$1,052	\$1,127	\$1,521	\$1,757	\$1,960	\$2,163
90%	\$1,183	\$1,267	\$1,521	\$1,757	\$1,960	\$2,163
100%	\$1,314	\$1,408	\$1,690	\$1,953	\$2,178	\$2,403
110%	\$1,446	\$1,549	\$1,859	\$2,148	\$2,396	\$2,644
120%	\$1,577	\$1,690	\$2,028	\$2,343	\$2,614	\$2,884
130%	\$1,709	\$1,831	\$2,197	\$2,538	\$2,831	\$3,124
140%	\$1,840	\$1,971	\$2,366	\$2,734	\$3,049	\$3,364

Note: Affordable Rents are based on 30% of gross monthly income. Includes utilities.

Source: Housing Division, Department of Housing and Human Concerns, County of Maui

LAND SALES IN CENTRAL MAUI BROKERED THROUGH THE MAUI MULTIPLE LISTING SERVICE
 Market Study of the Proposed Waikapu Country Town
 Waikapu, Maui, Hawaii



Year	Median	Average	Sales	Volume
2000	\$170,000	\$188,007	47	\$8,836,310
2001	\$185,500	\$186,294	51	\$9,501,000
2002	\$199,900	\$209,441	53	\$11,100,398
2003	\$290,900	\$283,555	87	\$24,699,326
2004	\$371,000	\$430,079	58	\$24,944,574
2005	\$387,000	\$428,145	134	\$57,371,378
2006	\$420,000	\$549,210	50	\$27,460,487
2007	\$346,500	\$440,005	71	\$31,240,390
2008	\$320,000	\$496,017	17	\$8,432,290
2009	\$300,000	\$524,555	23	\$12,064,770
2010	\$215,000	\$392,153	21	\$8,235,220
2011	\$150,000	\$286,046	29	\$8,295,324
2012	\$165,000	\$342,209	47	\$16,083,817
2013	\$252,000	\$478,000	36	\$17,208,005
2014	\$275,500	\$349,069	26	\$9,075,805
2015A	\$415,000	\$442,874	24	\$10,628,978

2015 Number of Sales and Volume annualized based on data through May.

Source: Maui Board of Realtors, Compiled by the Hallstrom Group | CBRE

TABLE I-6

SINGLE FAMILY HOME SALES IN CENTRAL MAUI BROKERED THROUGH THE MAUI MULTIPLE LISTING SERVICE
Market Study of the Proposed Waikapu Country Town
Waikapu, Maui, Hawaii



Year	Median	Average	Sales	Volume
2000	\$214,000	\$237,337	188	\$44,619,393
2001	\$242,250	\$271,730	186	\$50,541,755
2002	\$286,000	\$310,950	221	\$68,719,852
2003	\$340,000	\$376,397	244	\$91,840,766
2004	\$438,500	\$460,701	314	\$144,659,988
2005	\$544,920	\$582,766	404	\$235,437,495
2006	\$597,240	\$592,022	371	\$219,640,103
2007	\$558,941	\$538,048	512	\$275,480,632
2008	\$490,000	\$483,792	448	\$216,738,595
2009	\$471,250	\$506,872	242	\$122,662,933
2010	\$430,000	\$438,035	261	\$114,327,236
2011	\$375,000	\$399,351	268	\$107,025,982
2012	\$380,000	\$418,214	266	\$111,244,954
2013	\$415,630	\$459,001	300	\$137,700,416
2014	\$445,000	\$485,245	301	\$146,058,613
2015A	\$507,286	\$519,985	322	\$167,227,284

2015 Number of Sales and Volume annualized based on data through May.

Source: Maui Board of Realtors, Compiled by the Hallstrom Group | CBRE

TABLE I-7

CONDOMINIUM UNIT SALES IN CENTRAL MAUI BROKERED THROUGH THE MAUI MULTIPLE LISTING SERVICE
 Market Study of the Proposed Waikapu Country Town
 Waikapu, Maui, Hawaii



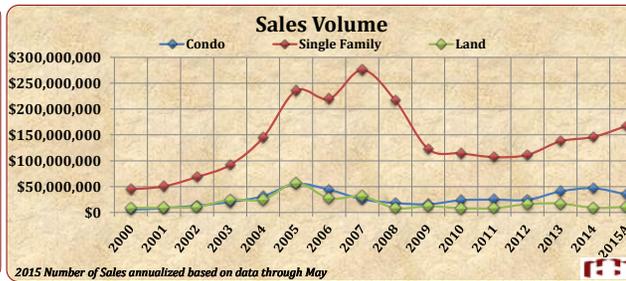
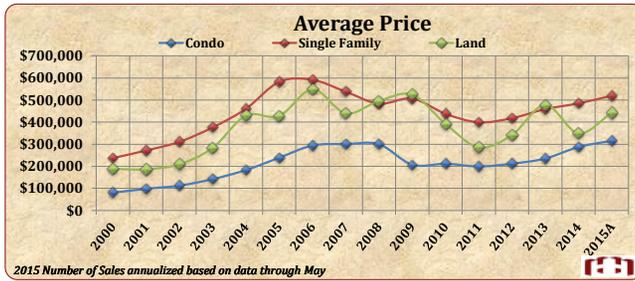
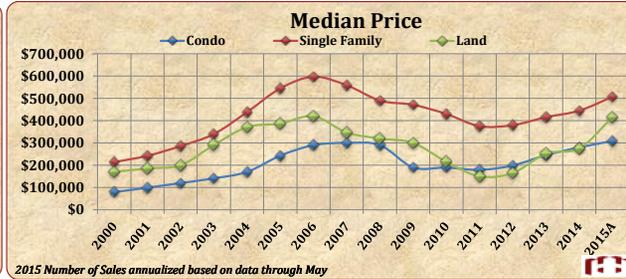
Year	Median	Average	Sales	Volume
2000	\$79,250	\$80,136	65	\$5,208,872
2001	\$99,000	\$98,074	87	\$8,532,400
2002	\$120,000	\$112,556	116	\$13,056,508
2003	\$141,000	\$142,014	144	\$20,450,000
2004	\$170,000	\$183,236	171	\$31,333,350
2005	\$242,875	\$238,932	232	\$55,432,274
2006	\$290,000	\$294,206	149	\$43,836,645
2007	\$300,000	\$300,705	85	\$25,559,910
2008	\$290,000	\$300,007	61	\$18,300,425
2009	\$190,000	\$207,210	77	\$15,955,165
2010	\$189,500	\$211,593	112	\$23,698,377
2011	\$179,000	\$199,448	125	\$24,930,946
2012	\$199,000	\$212,068	115	\$24,387,815
2013	\$245,000	\$235,352	173	\$40,715,950
2014	\$280,000	\$287,607	163	\$46,880,000
2015A	\$308,750	\$315,655	110	\$34,848,360

2015 Number of Sales and Volume annualized based on data through May.

Source: Maui Board of Realtors, Compiled by the Hallstrom Group | CBRE

COMBINED LAND, SINGLE FAMILY HOME AND CONDOMINIUM UNIT SALES INDICATORS FROM THE MAUI MULTIPLE LISTING SERVICE
Market Study of the Proposed Waikapu Country Town
Waikapu, Maui, Hawaii

	Number of Sales			Median Price			Average Price			Sales Volume		
	Condo	Single Family	Land	Condo	Single Family	Land	Condo	Single Family	Land	Condo	Single Family	Land
2000	65	188	47	\$79,250	\$214,000	\$170,000	\$80,136	\$237,337	\$188,007	\$5,208,872	\$44,619,393	\$8,836,310
2001	87	186	51	\$99,000	\$242,250	\$185,500	\$98,074	\$271,730	\$186,294	\$8,532,400	\$50,541,755	\$9,501,000
2002	116	221	53	\$120,000	\$286,000	\$199,900	\$112,556	\$310,950	\$209,441	\$13,056,508	\$68,719,852	\$11,100,398
2003	144	244	87	\$141,000	\$340,000	\$290,900	\$142,014	\$376,397	\$283,555	\$20,450,000	\$91,840,766	\$24,699,326
2004	171	314	58	\$170,000	\$438,500	\$371,000	\$183,236	\$460,701	\$430,079	\$31,333,350	\$144,659,988	\$24,944,574
2005	232	404	134	\$242,875	\$544,920	\$387,000	\$238,932	\$582,766	\$428,145	\$55,432,274	\$235,437,495	\$57,371,378
2006	149	371	50	\$290,000	\$597,240	\$420,000	\$294,206	\$592,022	\$549,210	\$43,836,645	\$219,640,103	\$27,460,487
2007	85	512	71	\$300,000	\$558,941	\$346,500	\$300,705	\$538,048	\$440,005	\$25,559,910	\$275,480,632	\$31,240,390
2008	61	448	17	\$290,000	\$490,000	\$320,000	\$300,007	\$483,792	\$496,017	\$18,300,425	\$216,738,595	\$8,432,290
2009	77	242	23	\$190,000	\$471,250	\$300,000	\$207,210	\$506,872	\$524,555	\$15,955,165	\$122,662,933	\$12,064,770
2010	112	261	21	\$189,500	\$430,000	\$215,000	\$211,593	\$438,035	\$392,153	\$23,698,377	\$114,327,236	\$8,235,220
2011	125	268	29	\$179,000	\$375,000	\$150,000	\$199,448	\$399,351	\$286,046	\$24,930,946	\$107,025,982	\$8,295,324
2012	115	266	47	\$199,000	\$380,000	\$165,000	\$212,068	\$418,214	\$342,209	\$24,387,815	\$111,244,954	\$16,083,817
2013	173	300	36	\$245,000	\$415,630	\$252,000	\$235,352	\$459,001	\$478,000	\$40,715,950	\$137,700,416	\$17,208,005
2014	163	301	26	\$280,000	\$445,000	\$275,500	\$287,607	\$485,245	\$349,069	\$46,880,000	\$146,058,613	\$9,075,805
2015A	110	322	24	\$308,750	\$507,286	\$415,000	\$315,655	\$519,985	\$442,874	\$34,848,360	\$167,227,284	\$10,628,978



Source: Maui Board of Realtors, Compiled by the Hallstrom Group | CBRE

TABLE I-9

Exhibit I

STRATIATED PROJECTIONS OF HOUSING UNIT DEMAND BY SELLING PRICE IN THE WAILUKU-KAHULUI TUDYAREA 2014 TO 2035 Market Study of the Proposed Waikapu Country Town Waikapu, Maui, Hawaii Expressed in Constant 2014 Dollars						
Period	Periodic Demand					Total Demand 2014-2035
	2015	2016 to 2020	2021 to 2025	2026 to 2030	2031 to 2035	
1. Minimum Demand Forecasts						
Less Than \$330,000 (1)	52	639	692	732	779	2,894
Percent of Total Demand	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
\$330,000 to \$660,000 (2)	78	958	1,037	1,098	1,169	4,341
Percent of Total Demand	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
\$660,000 to \$1,000,000	35	426	461	488	520	1,929
Percent of Total Demand	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Over \$1,000,000	9	106	115	122	130	482
Percent of Total Demand	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Total Market Demand	174	2,130	2,305	2,439	2,598	9,647
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2. Maximum Demand Forecasts						
Less Than \$330,000 (1)	52	1,213	1,108	1,271	1,400	5,044
Percent of Total Demand	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
\$330,000 to \$660,000 (2)	78	1,819	1,662	1,906	2,100	7,566
Percent of Total Demand	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
\$660,000 to \$1,000,000	35	808	739	847	934	3,363
Percent of Total Demand	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Over \$1,000,000	9	202	185	212	233	841
Percent of Total Demand	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Total Market Demand	174	4,042	3,693	4,237	4,668	16,814
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Current Median Housing Prices in Central Maui (Through May 2015)						
Single Family Home Median Price		\$507,286				
Multi-Family Unit Average Price		\$308,750				
Average Price All Residential Units		\$467,768				

(1) This price is considered "affordable" for households earning 80% of the median county household income ("Low Income").

(2) This price is considered "affordable" for households earning from 81% to 160% of county median (includes "Below Moderate" to "Gap Income" categories).

TABLE I-10

Exhibit I

**DIVISION OF PROJECTED DEMAND BY UNIT TYPE
FOR HOUSING UNITS IN WAILUKU-KAHULUI STUDY AREA 2015 TO 2035
Market Study of the Proposed Waikapu Country Town
Waikapu, Maui, Hawaii**

	Periodic Demand (1)					Total Demand 2015-2035
	2015	2016 to 2020	2021 to 2025	2026 to 2030	2031 to 2035	
<u>1. Using Minimum Demand Projections</u>						
Single Family Homes	110	1,044	1,037	1,073	1,117	4,381
Percent of Total	63%	49%	45%	44%	43%	45%
Single Family Lots	21	234	231	220	208	913
Percent of Total	12%	11%	10%	9%	8%	9%
Multifamily Units	44	852	1,037	1,147	1,273	4,352
Percent of Total	25%	40%	45%	47%	49%	45%
Total	174 100%	2,130 100%	2,305 100%	2,439 100%	2,598 100%	9,647 100%
<u>2. Using Maximum Projections</u>						
Single Family Homes	110	1,981	1,662	1,864	2,007	7,624
Percent of Total	63%	49%	45%	44%	43%	45%
Single Family Lots	21	445	369	381	373	1,590
Percent of Total	12%	11%	10%	9%	8%	9%
Multifamily Units	44	1,617	1,662	1,991	2,287	7,601
Percent of Total	25%	40%	45%	47%	49%	45%
Total	174 100%	4,042 100%	3,693 100%	4,237 100%	4,668 100%	16,814 100%
<u>Mid-Point</u>						
Single Family Homes	110	1,512	1,350	1,469	1,562	6,002
Single Family Lots	21	339	300	300	291	1,251
Multifamily Units	44	1,234	1,350	1,569	1,780	5,976
Total	174	3,086	2,999	3,338	3,633	13,230

Source: The Hallstrom Group/CBRE

TABLE I-11

Exhibit I

**DIVISION OF PROJECTED DEMAND BETWEEN ONWER-OCCUPANTS AND RENTALS
FOR HOUSING UNITS IN KAHULUI-WAILUKU STUDY AREA 2015 TO 2035
Market Study of the Proposed Waikapu Country Town
Waikapu, Maui, Hawaii**

	Periodic Demand (1)					Total Demand 2015-2035
	2015	2016 to 2020	2021 to 2025	2026 to 2030	2031 to 2035	
<u>1. Using Minimum Demand Projections</u>						
Owner-Occupied Units	112	1,320	1,383	1,415	1,455	5,685
Percent of Total	64%	62%	60%	58%	56%	59%
Renter-Occupied Units	63	809	922	1,025	1,143	3,962
Percent of Total	36%	38%	40%	42%	44%	41%
Total	174	2,130	2,305	2,439	2,598	9,647
	100%	100%	100%	100%	100%	100%
<u>2. Using Maximum Projections</u>						
Owner-Occupied Units	112	2,506	2,216	2,457	2,614	9,905
Percent of Total	64%	62%	60%	58%	56%	59%
Renter-Occupied Units	63	1,536	1,477	1,779	2,054	6,909
Percent of Total	36%	38%	40%	42%	44%	41%
Total	174	4,042	3,693	4,237	4,668	16,814
	100%	100%	100%	100%	100%	100%
<u>Mid-Point</u>						
Owner-Occupied Units	112	1,913	1,800	1,936	2,034	7,795
Renter-Occupied Units	63	1,173	1,200	1,402	1,598	5,435
Total	174	3,086	2,999	3,338	3,633	13,230

Note: The 2010 Census identified owner-occupants as comprising 64 percent of the market and rental-occupied units at 36 percent of the Wailuku-Kahului study area.

Source: The Hallstrom Group/CBRE

CENTRAL MAUI PLANNED AND PROPOSED DEVELOPMENT PROJECTS

"COMMITTED (ENTITLED)" PROJECTS				"MIP AND CP (PARTLY ENTITLED)" PROJECTS			
	Single Family	Multi Family	Time Share Hotel		Single Family	Multi Family	Time Share Hotel
Aina O Kane Condos	0	100	0	Habitat For Humanity Condos	0	40	0
Hale Mua	466	0	0	Ka Lima O Maui Affordable Housing	0	16	0
Imi Ikena Affordable Rentals	0	28	0	Maui Lani Homes 1	240	0	0
Kahawai Condos	0	16	0	Maui Lani Lot 7B	120	0	0
Kahului Town Center Redevelopment	0	442	0	Maui Lani MF7 Condos	0	68	0
Kai Hōlli AG Lots	17	0	0	Waikapu Mauka Country Town	228	195	0
Kahalani (C-12)	150	0	0	Waikapu Mauka Rural Lots	304	0	0
Kahalani (C-13)	0	77	0	Subtotal	892	319	0
Kahalani (C-14)	80	0	0	"MIP ONLY" PROJECTS			
Kahalani (C-18)	0	83	0	Pu'unani Residences	150	450	0
Kahalani (C-19)	76	0	0	Waialeale Affordable Homes	0	300	0
Kahalani (C-3)	30	0	0	Waialeale	1,127	1,127	0
Kahalani (C-6)	0	80	0	Waikapu Makai Village	468	513	0
Kahalani (C-7)	35	0	0	Waikapu Rural Village	26	0	0
Kahalani (C-8)	0	84	0	Subtotal	1,771	2,390	0
Kahalani (C-9)	90	0	0				
Kahalani Ho'olea Terrace	0	112	0				
Maui Lani Lot 4	0	238	0				
Maui Lani Sandhills -Commercial	16	0	0				
Maui Lani The Fairways	50	0	0				
Maui Lani The Parkways	225	0	0				
Maui Lani Traditions	153	0	0				
Maui Lani Village	79	0	0				
Maui Beach Hotel Addition	0	0	136				
Mission Street Affordable Apts	0	10	0				
Pi'ihana Project District 2	95	440	0				
Waikapu Gardens II	56	0	0				
Subtotal	1,618	1,710	136				

	Proposed/Planned Units	
	Number	% of Total
<u>Including Subject</u>		
Single Family	4,281	49.2%
Multi Family	4,419	50.8%
Total	8,700	100.00%
<u>Excluding Subject</u>		
Single Family	3,585	49.1%
Multi Family	3,711	50.9%
Total	7,296	100.00%

Projects identified as "Planned/Committed" have the appropriate conforming Community Plan and zoning entitlements, are approved agricultural subdivisions, are approved 201G/H projects, or are Department of Hawaiian Homelands (DHHL) projects. Projects identified as "Planned/Designated" have urban or rural Community Plan designations but not the conforming zoning entitlements to proceed. Projects identified as "Proposed" are currently lacking urban or rural Community Plan designations. Projects identified as "Recently Completed" include those where the subdivision process is complete, total build-out of the project has been reached or nearly reached, and real property is being actively marketed. Further, these projects remain "Recently Completed" until other map layers show the completed project.

Proposed subject units shaded and in bold.

Source: County of Maui Planning Department, and The Hallstrom Group | CBRE

PROJECTION OF POTENTIAL SUBJECT UNIT ABSORPTION USING THE RESIDUAL METHOD BASED ON TOTAL DEMAND FOR RESIDENTIAL UNITS IN THE WAILUKU-KAHULUI STUDY AREA Market Study of the Proposed Waikapu Country Town Waikapu, Maui Hawaii Based on Proposed Units Within the Proposed Directed Growth Boundary for Wailuku-Kahului, Using Mid-Point Demand Estimates							
Segment	TOTAL UNITS PROPOSED Excluding Subject	Sales Period					Total
		2015	2016-2020	2021-2025	2026-2030	2031-2035	
Single Family (1)							
Identified Supply (2)	3,585	100	1,000	1,000	1,000	485	3,585
Market Share Percentage of Total Supply		57%	50%	50%	50%	43%	49%
Regional SF Lot/Home Demand (mid-point)	<u>7,254</u>	<u>100</u>	<u>1,852</u>	<u>1,650</u>	<u>1,769</u>	<u>1,853</u>	<u>7,223</u>
Shortage or (Excess) Supply	3,669	0	852	650	769	1,368	3,638
Potential Residual Subject SF Demand							
at 90% Capture Rate	3,302	0	766	585	692	1,231	3,274
at 80% Capture Rate	2,935	0	681	520	615	1,094	2,910
Multi Family							
Identified Supply (2)	3,711	74	1,000	1,000	1,000	637	3,711
Market Share Percentage of Total Supply		43%	50%	50%	50%	57%	51%
Regional MF Unit Demand (mid-point)	<u>5,976</u>	<u>74</u>	<u>1,234</u>	<u>1,350</u>	<u>1,569</u>	<u>1,780</u>	<u>6,007</u>
Shortage or (Excess) Supply	2,265	0	234	350	569	1,143	2,296
Potential Residual Subject MF Demand							
at 90% Capture Rate	2,039	0	211	315	512	1,029	2,066
at 80% Capture Rate	1,812	0	188	280	455	914	1,837
Total Single and Multi Family							
Identified Supply	7,296	174	2,000	2,000	2,000	1,122	7,296
Market Share Percentage of Total Supply		100%	100%	100%	100%	100%	100%
Regional Total Unit Demand (mid-point)	<u>13,230</u>	<u>174</u>	<u>3,086</u>	<u>2,999</u>	<u>3,338</u>	<u>3,633</u>	<u>13,230</u>
Shortage or (Excess) Supply	5,934	0	1,086	999	1,338	2,511	5,934
Potential Residual Subject Demand							
at 90% Capture Rate	5,341	0	977	899	1,204	2,260	5,340
at 80% Capture Rate	4,747	0	869	799	1,070	2,009	4,747

(1) Includes lots and finished homes.

(2) Assumes 100 percent of all planned/proposed units are constructed during projection period.

SUMMARY OF SUBJECT PROJECTED DEMAND LEVELS USING THE MARKET SHARES METHOD Market Study of the Proposed Waikapu Country Town Waikapu, Maui, Hawaii Assuming Pre-Sales Commence in 2017				
Scenario One: Using Minimum Demand Assumptions				
Sales Year		Total Regional Demand	Effective Subject Share	Indicated Total Subject Absorption (1)
Date	Period			
2017	1	426	20.00%	85
2018	2	426	18.00%	77
2019	3	426	19.00%	81
2020	4	426	20.00%	85
2021	5	461	20.00%	92
2022	6	461	20.00%	92
2023	7	461	20.00%	92
2024	8	461	20.00%	92
2025	9	461	20.00%	92
2026	10	488	20.00%	98
2027	11	488	20.00%	98
2028	12	488	20.00%	98
2029	13	488	20.00%	98
2030	14	488	20.00%	98
2031	15	520	20.00%	104
2032	16	520	10.00%	52
Totals		7,488	19.14%	1,433
Scenario Two: Using Maximum Demand Assumptions				
Sales Year		Total Regional Demand	Effective Subject Share	Indicated Total Subject Absorption (1)
Date	Period			
2017	1	808	22.00%	178
2018	2	808	20.00%	162
2019	3	808	21.00%	170
2020	4	808	22.00%	178
2021	5	739	22.00%	162
2022	6	739	22.00%	162
2023	7	739	22.00%	162
2024	8	739	22.00%	162
2025	9	739	13.00%	96
Totals		6,927	20.69%	1,433

ANALYSIS MID-POINT

12.05	Years	7,207	19.88%	1,433
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(1) Excludes any potential Ohana units.

Source: The Hallstrom Group, Inc.

PROPOSED DEVELOPMENT SCHEDULE AND ESTIMATED CONSTRUCTION COSTS				
Market Study of the Proposed Waikapu Country Town				
<u>Waikapu, Maui, Hawaii</u>				
All Amounts Expressed in Constant 2015 Dollars				
	Development, Sales & Stabilization Period			Totals During Build-Out
	<u>2016 to 2020</u>	<u>2021 to 2026</u>	<u>2026 to 2030</u>	
Infrastructure Emplacement	\$79,569,400	\$119,687,500		\$199,256,900
Commercial Construction (1)	\$14,297,338	\$37,173,079	\$5,718,935	\$57,189,352
Residential Construction (2, 3)	\$147,801,940	\$163,879,448	\$40,969,862	\$352,651,250
TOTAL PERIODIC CONSTRUCTION COSTS	\$241,668,678	\$320,740,026	\$46,688,797	\$609,097,502
Contractor Profits	\$24,166,868	\$32,074,003	\$4,668,880	\$60,909,750
Supplier Profits	\$9,666,747	\$12,829,601	\$1,867,552	\$24,363,900
<p>(1) Includes 169,597 square feet of retail, restaurant, service and office/other components. Estimated average direct development cost of \$337 per sq ft.</p> <p>(2) Estimated average direct development cost of \$175 per square foot for single family homes and multifamily units.</p> <p>(3) Assuming average size for 970 urban homes of 1,473 square feet and 80 rural homes of 3,375 square feet, with overall average of 1,618 square feet.</p> <p>Note: Excludes any potential Ohana units.</p>				
Source: The Hallstrom Group/CBRE				

ESTIMATED YEARLY FULL-TIME EQUIVALENT EMPLOYMENT POSITIONS CREATED BY DEVELOPMENT				
Market Study of the Proposed Waikapu Country Town				
Waikapu, Maui, Hawaii				
Construction Employment (1)	Development, Sales & Stabilization Period			Totals During
	2016 to 2020	2021 to 2025	2026 to 2030	Build-Out
Infrastructure Emplacement	199	299		498
Commercial Construction	64	165	25	254
Residential Units	657	728	182	1,567
Total Periodic Construction Jobs	919	1,193	208	2,320
On-Going Business Employment				
Commercial Worker Years (2)	199	1,528	2,524	4,251
Total FTE Jobs in Place at End of Period	133	478	531	
Maintenance & Common Element (3)	23	141	266	429
Total FTE Jobs in Place at End of Period	16	41	66	
Total Periodic On-Going Business Jobs	223	1,668	2,790	4,681
Total FTE Jobs in Place at End of Period	148	519	597	
Off-Site Employment (4)	286	715	749	1,750
Total FTE Jobs in Place at End of Period	37	130	149	
TOTAL PERIODIC WORKER YEARS	1,428	3,576	3,746	8,750
TOTAL END-OF-PERIOD PERMANENT JOBCOUNT	186	649	746	
				Stabilized Annually
				531
				66
				597
				149
				746

(1) Infrastructure construction employment estimated at 1 worker-year for every \$400,000 in costs. Vertical construction (all types) employment estimated at 1 worker-year for every \$225,000 in costs. Includes all direct employment associated with construction, on and off-site.

(2) Employment estimated at 1 full-time-equivalent worker for every 320 square feet of gross floor area. First stores opening in 2018. Does not include existing commercial employees.

(3) Includes project common element administration, security and maintenance staff of 10 jobs, apartment staffs, and single family home services.

(4) Estimated at one cumulative off-site employment position for every four on site positions.

Source: Hallstrom Group/CBRE

ESTIMATED YEARLY EMPLOYEE WAGES CREATED BY DEVELOPMENT				
Market Study of the Waikapu Country Town				
Waikapu, Maui, Hawaii				
All Amounts Expressed in Constant 2015 Dollars				
	Development, Sales & Stabilization Period			Totals During Build-Out
<u>Construction Wages (1)</u>	<u>2016 to 2020</u>	<u>2021 to 2025</u>	<u>2026 to 2030</u>	
Infrastructure Emplacement	\$16,149,087	\$24,291,296		\$40,440,383
Commercial Construction	\$5,158,632	\$13,412,443	\$2,063,453	\$20,634,528
Residential Units	\$53,328,517	\$59,129,453	\$14,782,363	\$127,240,333
Total Periodic Construction Wages	\$74,636,236	\$96,833,192	\$16,845,816	\$188,315,244
<u>On-Going Business Wages</u>				Stabilized Annually
Commercial (2)	\$7,110,145	\$54,511,110	\$90,061,834	\$151,683,088
Maintenance & Common Element (4)	\$1,193,924	\$7,168,647	\$13,546,447	\$21,909,019
Total Periodic On-Going Business Wages	\$8,304,069	\$61,679,757	\$103,608,281	\$173,592,107
Off-Site Employment Wages (5)	\$14,567,421	\$36,494,688	\$38,230,758	\$89,292,867
TOTAL PERIODIC WAGES	\$97,507,726	\$195,007,637	\$158,684,855	\$451,200,219
				\$27,096,572

(1) Average annual wage for full-time-equivalent construction worker (all trades) at \$81,182 (\$39.03/hour X 2,080 hours).

(2) Average annual wage for full-time-equivalent retail trade& restaurant workers at \$32,552 (\$15.65/hour).

(3) Average annual wage for full-time-equivalent industrial worker estimated at \$40,893 (\$19.66/hour) based on average wage for manufacturing, trade, wholesale workers.

(4) Estimated average annual wage for full-time-equivalent maintenance and security workers at \$33,200 (\$16/hour).

(5) Average annual wage for full-time-equivalent general worker at \$51,022 (\$24.53/hour), the average wage for all "Total Private Workers" in the state.

Wages taken from State of Hawaii "Hawaii Workforce Infonet" "Publications and Tables > Hours and Earnings > Production Worker" through June 2015. Hourly wage figure is average over first half of year.

Source: Hallstrom Group/CBRE

ESTIMATED RESIDENT POPULATION, HOUSEHOLD INCOME AND DISCRETIONARY EXPENDITURES				
Market Study of the Waikapu Country Town				
<u>Waikapu, Maui, Hawaii</u>				
All Amounts Expressed in Constant 2015 Dollars				
Development, Sales & Stabilization Period				
	<u>2016 to 2020</u>	<u>2021 to 2025</u>	<u>2026 to 2030</u>	<u>Totals</u>
Number of Units Occupied	690	1,284	1,433	
Single Family Homes	347	901	1,050	
Percent of Total Units	50%	70%	73%	
Multifamily Units	343	383	383	
Percent of Total Units	50%	30%	27%	
Single Family Homes Population - Full-Time Residents (1)	767	1,992	2,321	
Single Family Homes Population - Part-Time Residents (2)	34	88	102	
Multifamily Homes Population - Full-Time Residents (1)	933	1,042	1,042	
Multifamily Homes Population - Part-Time Residents (2)	41	46	46	
Total Full-Time Resident Population	1,700	3,034	3,362	
Total Part-Time Resident Population	75	134	148	
Total De Facto Population	1,775	3,168	3,511	
RESIDENT HOUSEHOLD INCOME (4)				During Build-Out
Annually	\$66,133,060	\$131,257,527	\$147,857,819	
Periodic	\$99,199,590	\$493,476,468	\$697,788,364	\$1,290,464,422
TOTAL DE FACTO POPULATION EXPENDITURES (5)				
Annually (at end of period)	\$35,256,311	\$69,537,081	\$78,260,291	
Periodic	\$52,884,467	\$261,983,481	\$369,493,432	\$684,361,379
(1) Average household size of 2.60 persons.				
(2) Average household size of 3.2 persons.				
(4) Single Family households at 175% of Maui household income average, multifamily households at 125% of Maui average.				
(5) For full-time residents assumes 15% of gross income for taxes, 30% for housing costs and 5% for utilities. Leaving 50% of gross income as net disposable. For non-full time residents estimated disposable income at \$80 per day (50% above average daily per resident spending of \$53).				
Source: The Hallstrom Group/CBRE				

PROJECTED ON-SITE OPERATING ECONOMIC ACTIVITY
Market Study of the Proposed Waikapu Country Town
Waikapu, Maui, Hawaii
 All Amounts Expressed in Constant 2015 Dollars

Development, Sales & Stabilization Period

	2016 to 2020	2021 to 2025	2026 to 2030	Totals During Build-Out	Stabilized Annually
<u>Commercial Businesses (1)</u>	\$38,159,325	\$292,554,825	\$419,752,575	\$750,466,725	\$101,758,200
In-Project Resident Population Patronage %	45.00%	44.00%	43.00%	44.00%	42.00%
Outside Project Patronage Expenditures	\$20,987,629	\$163,830,702	\$239,258,968	\$420,261,366	\$59,019,756
<u>Maintenance & Common Element (4)</u>	\$1,526,495	\$9,195,596	\$17,410,153	\$28,132,244	\$4,303,486
In-Project Resident Population Patronage %	100%	100%	100%	100%	100%
Outside Project Patronage Expenditures	\$0	\$0	\$0	\$0	\$0
<u>Total Economic Activity</u>					
In-Project Resident Population Patronage	\$18,698,192	\$137,919,719	\$197,903,760	\$354,521,671	\$47,041,930
% of Total Activity	47.1%	45.7%	45.3%	45.5%	44.4%
Outside Project Patronage Spending	\$20,987,629	\$163,830,702	\$239,258,968	\$424,077,299	\$59,019,756
% of Total Activity	52.9%	54.3%	54.7%	54.5%	55.6%
TOTAL PERIODIC PROJECT GROSS REVENUES	\$39,685,820	\$301,750,421	\$437,162,728	\$778,598,969	\$106,061,686

(1) Estimated based on average annual sales of \$600 per square foot.

(4) Estimated at \$3,000 per residential unit per year and \$2 per square foot of total leaseable area per year.

SUMMARY OF ECONOMIC IMPACTS ASSOCIATED WITH DEVELOPMENT
 Market Study of the Waikapu Country Twon
Waikapu, Maui, Hawaii
 All Amounts Expressed in Constant 2014 Dollars

Development, Sales & Stabilization Period

	2016 to 2020	2021 to 2025	2026 to 2030	Totals During Build-Out	Stabilized Annually
<u>Construction Activity</u>					
Construction Wages	\$74,636,236	\$96,833,192	\$16,845,816	\$188,315,244	
Contractor Profits	\$24,166,868	\$32,074,003	\$4,668,880	\$60,909,750	
Supplier Profits	\$9,666,747	\$12,829,601	\$1,867,552	\$24,363,900	
Other Construction Costs	<u>\$133,198,828</u>	<u>\$179,003,230</u>	<u>\$23,306,550</u>	<u>\$335,508,607</u>	
Total Construction Impact	\$241,668,678	\$320,740,026	\$46,688,797	\$609,097,502	
<u>Project De Facto Population Spending</u>					
On-Site Spending	\$18,698,192	\$137,919,719	\$197,903,760	\$354,521,671	\$47,041,930
Off-Site Spending	<u>\$34,186,275</u>	<u>\$124,063,762</u>	<u>\$171,589,672</u>	<u>\$329,839,708</u>	\$31,218,361
Total Project Population Impact	\$52,884,467	\$261,983,481	\$369,493,432	\$684,361,379	\$78,260,291
<u>Outside Patronage Spending</u>	\$20,987,629	\$163,830,702	\$239,258,968	\$424,077,299	\$59,019,756
TOTAL BASE ECONOMIC IMPACT	\$262,656,307	\$537,455,195	\$547,931,246	\$1,348,042,748	\$137,280,047

TABLE III-7

Exhibit III

ESTIMATES OF TOTAL ECONOMIC IMPACT FROM SUBJECT CONSTRUCTION
 USING STATE INPUT-OUTPUT MODEL "TYPE II" MULTIPLIERS
 Market Study of the Proposed Waikapu Country Town
 Waikapu, Maui, Hawaii
 All Amounts Expressed in Constant 2014 Dollars

Year	Development, Sales & Stabilization Period			
	2016 to 2020	2021 to 2025	2026 to 2030	Totals
<u>Construction Costs</u>	\$241,668,678	\$320,740,026	\$46,688,797	\$609,097,502
1. Economic Output Multiplier	2.12	2.12	2.12	2.12
Total State Economic Output	\$512,337,598	\$679,968,856	\$98,980,250	\$1,291,286,704
2. Earnings Multiplier	0.61	0.61	0.61	0.61
Total Increase in State Earnings	\$147,417,894	\$195,651,416	\$28,480,166	\$371,549,476
3. State Tax Multipliers	0.12	0.12	0.12	0.12
Total Increase in State Taxes	\$29,000,241	\$38,488,803	\$5,602,656	\$73,091,700
4. Total Job Multipliers	13.83	13.83	13.83	13.83
Total State Jobs Created	3,342.3	4,435.8	645.7	8,423.8
<u>Construction Employment</u>	919	1,193	208	2,320
5. Direct-Effect Job Multipliers	2.68	2.68	2.68	2.68
Total Direct Jobs Created	2,463.9	3,196.7	556.1	6,216.7
<u>Construction Wages</u>	\$74,636,236	\$96,833,192	\$16,845,816	\$188,315,244
6. Direct-Effect Earnings	2.02	2.02	2.02	2.02
Total Increase in Direct Earnings	\$150,765,196	\$195,603,049	\$34,028,548	\$380,396,793

Source: State Input-Output Model (approved July 2011), and The Hallstrom Group/CBRE

TABLE III-8

Exhibit III

ESTIMATES OF TOTAL ECONOMIC IMPACT FROM SUBJECT OPERATIONS
 USING STATE INPUT-OUTPUT MODEL "TYPE II" MULTIPLIERS
 Market Study of the Proposed Waikapu Country Town
 Waikapu, Maui, Hawaii
 All Amounts Expressed in Constant 2014 Dollars

Year	Development, Sales & Stabilization Period			Totals	Stabilized Annually
	2016 to 2020	2021 to 2025	2026 to 2030		
<u>Operating Revenues</u>	\$39,685,820	\$301,750,421	\$437,162,728	\$738,913,149	\$106,061,686
1. Economic Output Multiplier	2.09	2.09	2.09	2.09	2.09
Total State Economic Output	\$82,943,365	\$630,658,380	\$913,670,101	\$1,544,328,481	\$221,668,924
2. Earnings Multiplier	0.66	0.66	0.66	0.66	0.66
Total Increase in State Earnings	\$26,192,641	\$199,155,278	\$288,527,400	\$487,682,678	\$70,000,713
3. State Tax Multipliers	0.16	0.16	0.16	0.16	0.16
Total Increase in State Taxes	\$6,349,731	\$48,280,067	\$69,946,036	\$118,226,104	\$16,969,870
4. Total Job Multipliers	19.00	19.00	19.00	19.00	19.00
Total State Jobs Created	754.0	5,733.3	8,306.1	14,039.3	2,015.2
<u>Operating Employment</u>	223	1,668	2,790	4,681	597
5. Direct-Effect Job Multipliers	2.05	2.05	2.05	2.05	2.05
Total Direct Jobs Created	456.5	3,420.0	5,718.8	9,595.3	1,223.9
<u>Operating Wages</u>	\$97,507,726	\$195,007,637	\$158,684,855	\$451,200,219	\$27,096,572
6. Direct-Effect Earnings	1.89	1.89	1.89	1.89	1.89
Total Increase in Direct Earnings	\$184,289,602	\$368,564,435	\$299,914,377	\$852,768,413	\$51,212,521

Source: State Input-Output Model (approved July 2011), and The Hallstrom Group/CBRE

PUBLIC FISCAL BENEFITS SUMMARY TABLE
Market Study of the Proposed Waikapu Country Town
Waikapu, Maui, Hawaii
All Amounts Expressed in Constant 2015 Dollars

Development, Sales & Stabilization Period

Development Period	2016 to 2020	2021 to 2025	2026 to 2030	Totals During Build-Out Period	Stabilized Annually After Build-out
PUBLIC BENEFITS (Revenues)					
1. COUNTY REAL PROPERTY TAXES					
<i>Assessed Value</i>					
Commercial	\$21,155,530	\$76,159,907	\$84,622,119		\$84,622,119
Single Family Residential - Homeowners (After Exemptions)	\$65,149,205	\$169,162,633	\$197,137,364		\$197,137,364
Single Family Residential - Non-Homeowners	\$96,600,334	\$250,826,804	\$292,306,487		\$292,306,487
Multifamily Residential - Homeowners (After Exemptions)	\$20,695,618	\$23,109,102	\$23,109,102		\$23,109,102
Multifamily Residential - Non-Homeowner	\$53,498,026	\$59,736,862	\$59,736,862		\$59,736,862
Total Assessed Value	\$257,098,713	\$578,995,308	\$656,911,933		\$656,911,933
<i>Real Property Taxes</i>					
Commercial	\$139,626	\$502,655	\$558,506		\$558,506
Single Family Residential - Homeowners (After Exemptions)	\$179,160	\$465,197	\$542,128		\$542,128
Single Family Residential - Non-Full Time Residents	\$521,642	\$1,354,465	\$1,578,455		\$1,578,455
Multifamily Residential - Homeowners (After Exemptions)	\$56,913	\$63,550	\$63,550		\$63,550
Multifamily Residential - Non-Full Time Residents	\$320,988	\$358,421	\$358,421		\$358,421
Total Annual Property Taxes (End of Period)	\$1,218,330	\$2,744,289	\$3,101,060		
Total Real Property Taxes During Period	\$3,045,824	\$9,906,546	\$15,326,914	\$28,279,284	\$3,101,060
2. STATE INCOME TAXES					
Taxable Personal Income	\$196,707,316	\$688,484,105	\$856,473,220	\$1,741,664,640	\$174,954,391
Taxable Corporate Profits	\$39,786,488	\$90,166,167	\$72,110,841	\$202,063,496	\$15,909,253
Personal Taxes Paid	\$10,032,073	\$35,112,689	\$43,680,134	\$88,824,897	\$8,922,674
Corporate Taxes Paid	\$1,750,605	\$3,967,311	\$3,172,877	\$8,890,794	\$700,007
TOTAL STATE INCOME TAXES	\$11,782,679	\$39,080,001	\$46,853,011	\$97,715,690	\$9,622,681
3. STATE GROSS EXCISE TAX					
<i>Taxable Transactions</i>					
Construction Contracts	\$241,668,678	\$320,740,026	\$46,688,797	\$609,097,502	
Worker Disposable Income Purchases	\$48,753,863	\$97,503,819	\$79,342,428	\$225,600,109	\$16,257,943
Resident Population Discretionary Expenditures (on/off site)	\$52,884,467	\$261,983,481	\$369,493,432	\$684,361,379	\$78,260,291
Non-Resident Patronage Expenditures	\$20,987,629	\$163,830,702	\$239,258,968	\$424,077,299	\$59,019,756
Total Taxable Transactions	\$364,294,636	\$844,058,028	\$734,783,624	\$1,943,136,289	\$153,537,991
TOTAL STATE EXCISE TAX	\$15,179,065	\$35,169,366	\$30,616,229	\$80,964,660	\$6,397,467
TOTAL GROSS PUBLIC REVENUES					
To County of Maui (Item #1)	\$3,045,824	\$9,906,546	\$15,326,914	\$28,279,284	\$3,101,060
Adjustment for Other Proportional Taxes	1.55	1.55	1.55	1.55	1.55
Adjusted Maui County Revenues	\$4,718,512	\$15,346,965	\$23,744,060	\$43,809,537	\$4,804,082
Plus Impact Fees (2)	\$5,000,000	\$0	\$0	\$5,000,000	
Total County of Maui Receipts	\$9,718,512	\$15,346,965	\$23,744,060	\$48,809,537	\$4,804,082
To State (Items #2 & #3)	\$26,961,743	\$74,249,367	\$77,469,240	\$178,680,350	\$16,020,149
Adjustment for Other Proportional Taxes (3)	1.25	1.25	1.25	1.25	1.25
Adjusted State Revenues	\$33,702,179	\$92,811,708	\$96,836,551	\$223,350,438	\$20,025,186
Plus Impact Fees (2)	\$4,600,028	\$0	\$0	\$4,600,028	
Total State of Hawaii Receipts	\$38,302,207	\$92,811,708	\$96,836,551	\$227,950,466	\$20,025,186
AGGREGATE TAX REVENUES	\$43,020,719	\$108,158,673	\$120,580,610	\$271,760,002	\$24,829,268

(1) Real property taxes comprise 64.6 percent of General Fund in the proposed Maui County FY 2016 budget. Economic activity generates other revenue items of 35.4 percent or additional 55 percent above real property taxes.

(2) For parks, water/wastewater service, schools and other items. Additional impact fees may be assessed.

(3) In recent fiscal years, Gross Excise and Income Taxes have averaged about 80 percent of total State revenues; other revenue items 20 percent, or 25 percent above income and gross excise taxes.

TABLE IV-2

Exhibit IV

PUBLIC FISCAL BENEFITS SUMMARY TABLE					
Market Study of the Waikapu Country Town					
Waikapu, Maui, Hawaii					
All Amounts Expressed in Constant 2015 Dollars					
Development Period	Development, Sales & Stabilization Period			Totals During Build-Out Period	Stabilized Annually After Build-out
	2016 to 2020	2021 to 2025	2026 to 2030		
PUBLIC BENEFITS (Revenues)					
1. COUNTY REAL PROPERTY TAXES					
<i>Assessed Value</i>					
Commercial	\$21,155,530	\$76,159,907	\$84,622,119		\$84,622,119
Single Family Residential - Homeowners (After Exemptions)	\$65,149,205	\$169,162,633	\$197,137,364		\$197,137,364
Single Family Residential - Non-Homeowners	\$96,600,334	\$250,826,804	\$292,306,487		\$292,306,487
Multifamily Residential - Homeowners (After Exemptions)	\$20,695,618	\$23,109,102	\$23,109,102		\$23,109,102
Multifamily Residential - Non-Homeowner	\$53,498,026	\$59,736,862	\$59,736,862		\$59,736,862
Total Assessed Value	\$257,098,713	\$578,995,308	\$656,911,933		\$656,911,933
<i>Real Property Taxes</i>					
Commercial	\$139,626	\$502,655	\$558,506		\$558,506
Single Family Residential - Homeowners (After Exemptions)	\$179,160	\$465,197	\$542,128		\$542,128
Single Family Residential - Non-Full Time Residents	\$521,642	\$1,354,465	\$1,578,455		\$1,578,455
Multifamily Residential - Homeowners (After Exemptions)	\$56,913	\$63,550	\$63,550		\$63,550
Multifamily Residential - Non-Full Time Residents	\$320,988	\$358,421	\$358,421		\$358,421
Total Annual Property Taxes (End of Period)	\$1,218,330	\$2,744,289	\$3,101,060		
Total Real Property Taxes During Period	\$3,045,824	\$9,906,546	\$15,326,914	\$28,279,284	\$3,101,060

Source: The Hallstrom Group/CBRE

TABLE IV-3

Exhibit IV

PUBLIC FISCAL BENEFITS SUMMARY TABLE					
Market Study of the Proposed Waikapu Country Town					
Waikapu, Maui, Hawaii					
All Amounts Expressed in Constant 2015 Dollars					
Development Period	Development, Sales & Stabilization Period			Totals During Build-Out Period	Stabilized Annually After Build-out
	2016 to 2020	2021 to 2025	2026 to 2030		
2. STATE INCOME TAXES					
Taxable Personal Income	\$196,707,316	\$688,484,105	\$856,473,220	\$1,741,664,640	\$174,954,391
Taxable Corporate Profits	\$39,786,488	\$90,166,167	\$72,110,841	\$202,063,496	\$15,909,253
Personal Taxes Paid	\$10,032,073	\$35,112,689	\$43,680,134	\$88,824,897	\$8,922,674
Corporate Taxes Paid	\$1,750,605	\$3,967,311	\$3,172,877	\$8,890,794	\$700,007
TOTAL STATE INCOME TAXES	\$11,782,679	\$39,080,001	\$46,853,011	\$97,715,690	\$9,622,681
3. STATE GROSS EXCISE TAX					
Taxable Transactions					
Construction Contracts	\$241,668,678	\$320,740,026	\$46,688,797	\$609,097,502	
Worker Disposable Income Purchases	\$48,753,863	\$97,503,819	\$79,342,428	\$225,600,109	\$16,257,943
Resident Population Discretionary Expenditures (on/off site)	\$52,884,467	\$261,983,481	\$369,493,432	\$684,361,379	\$78,260,291
Non-Resident Patronage Expenditures	\$20,987,629	\$163,830,702	\$239,258,968	\$424,077,299	\$59,019,756
Total Taxable Transactions	\$364,294,636	\$844,058,028	\$734,783,624	\$1,943,136,289	\$153,537,991
TOTAL STATE EXCISE TAX	\$15,179,065	\$35,169,366	\$30,616,229	\$80,964,660	\$6,397,467

Source: The Hallstrom Group/CBRE

TABLE IV-4

Exhibit IV

PUBLIC FISCAL BENEFITS SUMMARY TABLE					
Market Study of the Proposed Waikapu Country Town					
Waikapu, Maui, Hawaii					
All Amounts Expressed in Constant 2015 Dollars					
	Development, Sales & Stabilization Period			Totals During Build-Out Period 2016-2030	Stabilized Annually After Build-out
	2016 to 2020	2021 to 2025	2026 to 2030		
TOTAL GROSS PUBLIC REVENUES					
To County of Maui (Item #1)	\$3,045,824	\$9,906,546	\$15,326,914	\$28,279,284	\$3,101,060
Adjustment for Other Proportional Taxes	1.55	1.55	1.55	1.55	1.55
Adjusted Maui County Revenues	\$4,718,512	\$15,346,965	\$23,744,060	\$43,809,537	\$4,804,082
Plus Impact Fees (2)	\$5,000,000	\$0	\$0	\$5,000,000	
Total County of Maui Receipts	\$9,718,512	\$15,346,965	\$23,744,060	\$48,809,537	\$4,804,082
To State (Items #2 & #3)	\$26,961,743	\$74,249,367	\$77,469,240	\$178,680,350	\$16,020,149
Adjustment for Other Proportional Taxes (3)	1.25	1.25	1.25	1.25	1.25
Adjusted State Revenues	\$33,702,179	\$92,811,708	\$96,836,551	\$223,350,438	\$20,025,186
Plus Impact Fees (2)	\$4,600,028	\$0	\$0	\$4,600,028	
Total State of Hawaii Receipts	\$38,302,207	\$92,811,708	\$96,836,551	\$227,950,466	\$20,025,186
AGGREGATE TAX REVENUES	\$43,020,719	\$108,158,673	\$120,580,610	\$271,760,002	\$24,829,268
<p>(1) Real property taxes comprise 64.6 percent of General Fund in the proposed Maui County FY 2016 budget. Economic activity generates other revenue items of 35.4 percent or additional 55 percent above real</p> <p>(2) For parks, water/wastewater service, schools and other items. Additional impact fees may be assessed.</p> <p>(3) In recent fiscal years, Gross Excise and Income Taxes have averaged about 80 percent of total State revenues; other revenue items 20 percent, or 25 percent above income and gross excise taxes.</p>					
Source: The Hallstrom Group/CBRE					

Assumptions and Limiting Conditions

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE, Inc. is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. CBRE, Inc., however, has not examined title and makes no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject's title should be sought from a qualified title company that issues or insures title to real property.
2. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. CBRE, Inc. professionals are not engineers and are not competent to judge matters of an engineering nature. CBRE, Inc. has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of CBRE, Inc. by ownership or management; CBRE, Inc. inspected less than 100% of the entire interior and exterior portions of the improvements; and CBRE, Inc. was not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, CBRE, Inc. reserves the right to amend the appraisal conclusions reported herein.
3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. CBRE, Inc. has no knowledge of the existence of such materials on or in the property. CBRE, Inc., however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

We have inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.

4. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to CBRE, Inc. This report may be subject to amendment upon re-inspection of the subject subsequent to repairs, modifications, alterations and completed new construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions and projected levels of operation.
5. It is assumed that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or owner to supply said data are accurate and correct unless otherwise specifically noted in the appraisal report. Unless otherwise specifically noted in the appraisal report, CBRE, Inc. has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, CBRE, Inc. reserves the right to amend conclusions reported if made aware of any such error. Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify CBRE, Inc. of any questions or errors.
6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under

the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the appraisal. However, CBRE, Inc. will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.

7. CBRE, Inc. assumes no private deed restrictions, limiting the use of the subject in any way.
8. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
9. CBRE, Inc. is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
10. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
11. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. CBRE, Inc. does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of CBRE, Inc.
12. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of CBRE, Inc. to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
13. Also, unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.
14. This study may not be duplicated in whole or in part without the specific written consent of CBRE, Inc. nor may this report or copies hereof be transmitted to third parties without said consent, which consent CBRE, Inc. reserves the right to deny. Exempt from this restriction is duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without the express written consent of CBRE, Inc. which consent CBRE, Inc. reserves the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a "sale" or "offer for sale" of any "security", as such terms are defined and used in the Securities Act of 1933, as amended. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on their own independently secured advice for any decision in connection with this property. CBRE, Inc. shall have no accountability or responsibility to any such third party.
15. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.
16. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.
17. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.
18. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to CBRE, Inc. unless otherwise stated within the body of this report. If the Consultant has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs

associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. CBRE, Inc. assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

19. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Appraiser nor CBRE, Inc. assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
20. CBRE, Inc. assumes that the subject analyzed herein will be under prudent and competent management and ownership; neither inefficient nor super-efficient.
21. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
22. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.
23. The Americans with Disabilities Act (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, CBRE, Inc. has not made a specific compliance survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value estimated herein. Since CBRE, Inc. has no specific information relating to this issue, nor is CBRE, Inc. qualified to make such an assessment, the effect of any possible non-compliance with the requirements of the ADA was not considered in estimating the value of the subject.
24. Client shall not indemnify Appraiser or hold Appraiser harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate appraisal results to others, which acts of the Client approximately result in damage to Appraiser. Notwithstanding the foregoing, Appraiser shall have no obligation under this Section with respect to any loss that is caused solely by the active negligence or willful misconduct of a Client and is not contributed to by any act or omission (including any failure to perform any duty imposed by law) by Appraiser. Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the appraisal report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover, from the other, reasonable attorney fees and costs.



PROFESSIONAL BACKGROUND AND SERVICES

The Hallstrom Group | CBRE, Inc. is a Honolulu based independent professional organization that provides a wide scope of real estate consulting services throughout the State of Hawaii with particular emphasis on valuation studies. The purpose of the firm is to assist clients in formulating realistic real estate decisions. It provides solutions to complex issues by delivering thoroughly researched, objective analyses in a timely manner. Focusing on specific client problems and needs, and employing a broad range of tools including after-tax cash flow simulations and feasibility analyses, the firm minimizes the financial risks inherent in the real estate decision making process.

The principals and associates of the firm have been professionally trained, are experienced in Hawaiian real estate, and are actively associated with the Appraisal Institute and the Counselors of Real Estate, nationally recognized real estate appraisal and counseling organizations.

The real estate appraisals prepared by The Hallstrom Group | CBRE, Inc. accomplish a variety of needs and function to provide professional value opinions for such purposes as mortgage loans, investment decisions, lease negotiations and arbitrations, condemnations, assessment appeals, and the formation of policy decisions. Valuation assignments cover a spectrum of property types including existing and proposed resort and residential developments, industrial properties, high-rise office buildings and condominiums, shopping centers, subdivisions, apartments, residential leased fee conversions, special purpose properties, and vacant acreage, as well as property assemblages and portfolio reviews.

Market studies are research-intensive, analytical tools oriented to provide insight into investment opportunities and development challenges, and range in focus from highest and best use determinations for a specific site or improved property, to an evaluation of multiple (present and future) demand and supply characteristics for long-term, mixed-use projects. Market studies are commissioned for a variety of purposes where timely market information, insightful trends analyses, and perceptive conceptual conclusions or recommendations are critical. Uses include the formation of development strategies, bases for capital commitment decisions, evidence of appropriateness for state and county land use classification petitions, fiscal and social impact evaluations, and the identification of alternative economic use/conversion opportunities.

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PROFESSIONAL QUALIFICATIONS OF THOMAS W. HOLLIDAY

Business Affiliation

- | | |
|-------------------------------|--|
| Senior Appraiser | The Hallstrom Group CBRE, Inc.
Valuation & Advisory Services
Honolulu, Hawaii (2015 - Present) |
| Senior Analyst/
Supervisor | The Hallstrom Group, Inc.
Honolulu, Hawaii (1980 - 2014) |
| Former Staff Appraiser | Davis-Baker Appraisal Co.
Avalon, Santa Catalina Island, California |

Education

- California State University, Fullerton (Communications/Journalism)
- SREA Course 201- Principles of Income Property Appraising
- Expert witness testimony before State of Hawaii Land Use Commission and various state and county boards and agencies since 1983.
- Numerous professional seminars and clinics.
- Contributing author to Hawaii Real Estate Investor, Honolulu Star Bulletin

On January 1, 1991, the American Institute of Real Estate Appraisers (AIREA) and the Society of Real Estate Appraisers (SREA) consolidated, forming the Appraisal Institute (AI).

Recent Neighbor Island Assignments

- Market Study, Economic Impact Analyses and Public Costs/Benefits (Fiscal Impact) Assessments

Maui

- Maui Research & Tech Park (Mixed-Use Community)
- Maui Lani (Mixed-Use Community)
- Honuaula (Mixed-Use Community)
- Makena Beach Resort
- Maui Business Park, Phase II (Industrial/Commercial)
- Kapalua Mauka (Master Planned Community)
- Hailiimaile (Mixed-Use Master Planned Community)
- Pulelehua (Master Planned Community)
- Westin Kaanapali Ocean Villas Expansion (Resort/Timeshare)
- Upcountry Town Center (Mixed-Use Project)

Big Island

- Kamakana Villages (Mixed-Use Residential Development)
- W.H. Shipman Ltd, Master Plan (Various Urban Uses)
- Nani Kahuku Aina (Mixed-Use Resort Community)
- Kona Kai Ola (Mixed-Use Resort Community)
- Waikoloa Highlands (Residential)
- Waikoloa Heights (Mixed-Use Residential Development)

Professional Qualifications of Thomas W. Holliday (continued)

Kauai

- Hanalei Plantation Resort (Resort/Residential)
- Kukuiula (Resort/Residential)
- Waipono/Puhi (Mixed-Use Planned Development)
- Eleele Commercial Expansion (Commercial)
- Village at Poipu (Resort/Residential)
- Ocean Bay Plantation (Resort/Residential)

- Major Neighbor Island Valuation Assignments

- Mauna Lani Bay Hotel
- Courtyard Kahului Airport Hotel
- Maui Oceanfront Days Inn
- Holiday Inn Express - Kona Hotel (proposed)
- Keauhou Beach Hotel
- Courtyard King Kamehameha Kona Beach Hotel
- Aloha Beach Resort
- Coco Palms Resort
- Grand Hyatt Kauai
- Islander on the Beach
- Waimea Plantation Cottages
- Coconut Beach Resort
- Sheraton Maui Hotel
- Outrigger Wailea Resort Hotel
- Maui Lu Hotel
- Coconut Grove Condominiums
- Palauea Bay Holdings
- Wailea Ranch
- Maui Coast Hotel
- Westin Maui Hotel
- Maui Marriott Hotel
- Waihee Beach
- Kapalua Bay Hotel and The Shops at Kapalua

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