



**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**



VALUATION & ADVISORY SERVICES



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October 13, 2016

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**RE: 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;
- Up to 146 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.

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 "new" 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 "new" 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 versus the "new" added costs to the government.

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 a regional highway, 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.

The master plan will provide the potential for up to 146 "ohana" units in the community, although their location has yet to be determined and the timing of their eventual construction is unknown. We have included their relative impacts in our analysis as there is demand for such units and ohana possibilities increase the desirability of those lots provided with the potential.

Our economic impact analysis and public fiscal assessment focus on the new impacts to the island economy and public coffers resulting from undertaking the WCT project. To the extent the full-time resident population component of the community is merely moving from one location on the island to another, their income and spending, and tax revenues and government costs are already accounted for within the economy and public sectors. They are in-place and existing and not the specific result of WCT.

This represents an evolution in our analysis since our prior edition of the report in response to industry-changes and community input. In our previous versions, the project was viewed as a holistic development which was essentially free-standing from the Maui economy. This resulted in the counting of all household income, spending, tax benefits and costs for all residents of WCT.

However, the vast majority of the projected WCT population is ALREADY residents of Maui who are merely relocating to WCT. As such, their economic and fiscal impact is already accounted for on the island and is not NEW as a result of the project. Their household income, discretionary spending, public education students, tax dollars generated and public service costs are in-place and accounted for, resulting in our prior reports essentially double-counting some impacts.

The economic analysis industry has moved away from this perspective in modeling economic and fiscal impacts and towards accounting for only "new" impacts that would otherwise not exist in the community; while acknowledging it does result in a degree of under-counting of new natural economic expansion/growth that is simultaneously occurring in the resident population.

Our economic and fiscal models have adopted this more conservative viewpoint, and reflect only the new economic impacts, including capital investment, spending by non-resident WCT owners, and their taxes and public costs. All of the economic impacts arising from the resident population (assumed to be relocating Mauians) have been excluded, with the exception of real estate taxes associate with their new housing unit as whatever one they vacated on the island would still be producing real property taxes.

The modified outcomes, in addition to including the enumeration of the ohana units, show a marked difference in regards to some findings as the evolved modeling is by definition a much more conservative perspective and it is likely the true impact will be between the conclusions resented herein and our prior findings.

Michael Atherton  
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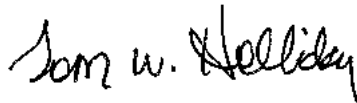
As part of our investigation program, we have: visited the subject property and its environs; researched the Central Maui and Wailuku-Kahului residential submarkets; interviewed knowledgeable parties active in the regional economy; reviewed government statistics, policies and publications; accessed on-line 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, flowing style.

Tom W. Holliday, CRE, FRICS  
Vice President

/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

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 Kuihelani 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 five 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 potential for up to 146 additional "Ohana" units to be built over time within the single family subdivisions. In our detailed analysis of the "base" 1,433 units of the project we have also included the ohana units assuming maximum-build-out of all between 2021 and 2030; although the precise timing of such construction is unknowable at this time. .



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
Existing Town Center/Lagoon	4.48	*		
School	12.00	*		
Parks & Open Space	82.10			
Roadways	81.03			
<b>TOTALS</b>	<b>498.87</b>		<b>1,433</b>	<b>198,847</b>

(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.
- 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 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.

## REVISION TO STUDY CONCLUSIONS

We note there have been meaningful changes to some aspects of our economic impact analysis and public fiscal assessment since the prior editions of this study through the adoption of a conservative perspective which seeks to remove any double-counting within the modeling process. It likely results in an under-counting of impacts, but is an improvement over past models which undoubtedly over-counted some items.

The economic analysis industry has moved to this evolved perspective in response to more fully integrating a single proposed project into the larger economic sphere and in response to input from communities across the nation.

In our previous versions, the WCT was viewed as a holistic development which was essentially free-standing from the Maui economy. This resulted in the counting of all household income, spending, tax benefits and costs for all residents of WCT.

However, the vast majority of the projected WCT population is ALREADY residents of Maui who are merely relocating to WCT. As such, their economic and fiscal impact is already flowing through the island and is not NEW as a result of the project. Their household income, discretionary spending, public education students, tax dollars generated and public service costs are in-place and accounted for, resulting in our prior reports essentially double-counting some impacts.

Our revised economic and fiscal impact modeling is solely oriented towards "new" impacts that would otherwise not exist in the community and excluding those of relocating Maui households. From a household income and discretionary spending perspective, the resident population is assumed to live on Maui prior to their residing at WCT and is therefore already contributing their State GET and Income taxes, so these are excluded from the model. They are merely moving their home from one location to the other on the island and their economic public fiscal footprint will remain generally unchanged apart from the additions to the County's real property tax base.



The exception is for the full-time resident real property taxes, as their new home at WCT will mean increased real property assessments and taxes, with their previous homes still having a tax load that would be paid by a subsequent owner. The tax impacts of on-going maintenance/renovation costs of their new homes are also included in the model.

In this report we have filtered out the existing/in-place economic and fiscal impacts of Maui residents and re-oriented analysis towards considering only the non-resident component of WCT, in regards to economic expansion, tax benefits flowing to the State and County of Hawaii and the cost of providing government services to them on a per capita basis.

Our economic and fiscal models have adopted this more conservative viewpoint, and reflect only the new economic impacts, including capital investment, spending by non-resident WCT owners, and their taxes and public costs. All of the economic impacts arising from the resident population (assumed to be relocating Mauians) have been excluded

The modified outcomes, in addition to including the enumeration of the ohana units, show a marked difference in regards to some findings as the evolved modeling is by definition a much more conservative perspective and it is likely the true impact will be between the conclusions resented herein and our prior findings.

## 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 2013	Projected Wailuku-Kahului Population				
		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 WTC 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 WTC achieves expectations. Ground-breaking and initial construction is not anticipated until circa 2018-2019.
- The master plan will provide the potential for up to 146 "ohana" units in the community, although their location has yet to be determined. It is assumed the ohana units will be used for long-term rentals and/or permanent housing for Maui residents. In light of the well-documented long-term demand for affordable housing on the island (particularly rentals), coupled with the results of our general market analysis, we have assumed there will be sufficient demand to readily absorb the ohana units and have not completed a specific assessment. As there is no certainty when or where the units will be built in the project, we have analyzed their economic and fiscal impact within our models assuming maximum build-out of the 146 units between 2021 and 2030.

- 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 developers 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			
Calendar	Year Development	Construction, Sale and Absorption Timing	Absorbed Residential Units (Pre-Sold/Reserved)
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
<b>Totals</b>			<b>1,433</b>
<b>2021 to 2030</b>	<b>Construction of Ohana Units Assumed to Occur with Maximum Build-Out</b>		<b>146</b>

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. The potential ohana component at maximum build-out of 146 units is included.

All estimated amounts are in constant 2015 dollars.

- The WCT development will bring in \$644.3 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) for the "base" 1,433 units with an additional circa three years to complete the 146 unit ohana units (by 2030). It will generate some \$817.2 million in total "new" Maui economic activity during the construction and initial operations period, and some \$32.1 million in annual new economic activity on a stabilized basis thereafter.

- The construction of the WCT components will directly create an estimated 2,476 "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 165 worker years annually, with an estimated \$201 million in wages (averaging about \$13.4 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 531 "full-time equivalent" positions following stabilization (many of which are anticipated to be held by WCT residents) with annual wages of \$2.2 million.
- Associated secondary/off-site employment during the overall development and absorption time-frame will total 1,789 worker-years with wages of \$91.3 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 that from 5.9 percent (in 2020) to 22.6 percent (in 2030) of gross commercial sales in the project stores and restaurants will be new spending on Maui , growing to a stabilized level of \$23 million annually. The total base economic impact on Maui in new monies will total at least \$814.1 million during build-out/absorption and \$32.1 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.



- At completion the de facto population of the community will be some 4,085 persons, comprised of 3,921 full-time residents (with an overall average household size of 2.87 persons among all unit types) and some 163 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 \$1.3 billion, and will stabilize at \$156.6 million annually thereafter. Discretionary expenditures into Maui businesses by the WCT de facto population will be some \$707.4 million during build-out and average \$83.1 million per year on a stabilized basis. However, these for the most part will not be new earned and spent monies flowing into the Maui economy, merely the relocation of the household earning/spending it.
- The part-time second home de facto residents will be bringing new money and spending to Maui, totaling \$21.7 million during project build-out and stabilizing at \$4.8 million per year.
- 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 \$1.37 billion, there would be 8,911 total worker-years of jobs created, and the total increase in earnings statewide would be \$406.1 million.

The State model also estimates the total annual additional new economic output from business operations within WCT would be more than double the gross revenues at \$67.1 million annually on a stabilized basis, the total number of worker years attributable to the subject dollars flowing through the economy would be 609 positions annually, and the increase in direct earnings would be \$21.2 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 percentage of the WCT residential inventory is anticipated to be sold at prices consistent with 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 at least one 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 new Real Property Taxes (\$27.7 million), other secondary receipts, and impact fees totaling \$47.9 million during the 15-year projection period (2016-2030), and \$4.9 million annually on a stabilized basis thereafter. After new per capita costs for services are considered the County will earn a net "profit" \$42.2 million during build-out and \$4.2 million annually after stabilization.
- The State of Hawaii will receive new Gross Excise and Income taxes, secondary revenues, and impact fees of \$95.4 million during the 2016-2030 period, and \$4.4 million per year thereafter. Overall, after new per capita governmental costs are deducted, the State will generate net benefits of \$82.6 million during build-out and \$2.9 million annually on a stabilized basis.

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 likely the "actual" public cost burden associated with the project would be less than the per capita assessment or independently require the need for major new public facilities.

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. Our calculations include the base 1,433 units of the project and the maximum build-out of 146 ohana units.

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	\$644,304,552	
Local Contractor's Profits	\$64,430,455	
Local Supplier's Profits	\$25,772,182	
Worker Years of Jobs	8,946	746
Employee Wages	\$465,899,240	\$27,096,572
Resident Population		3,921
Full-Time Resident Household Income	\$1,334,322,822	\$156,629,499
De Facto Population Expenditures (On & Off Site)	\$707,386,126	\$83,084,350
Total New Operating Gross Receipts	\$172,813,024	\$32,090,792
Total New Maui "Base" Economic Impact	\$817,117,576	\$32,090,792
ACCOUNTS FOR NEW TAX REVENUES AND EXPENDITURES ONLY		
County of Maui Gross Tax and Fee Receipts	\$47,949,874	\$4,853,230
State of Hawaii Gross Tax and Fee Receipts	\$95,379,394	\$4,369,210
County of Maui Costs of Services (per capita basis)	\$5,516,032	\$620,290
State Costs of Services (per capita basis)	\$12,714,816	\$1,429,808
County of Maui Net Benefits or (Loss)	\$42,433,842	\$4,232,940
State Net Benefits or (Loss)	\$82,664,578	\$2,939,401
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, Tables 1 through 15. All tabular inserts into the text are also contained as full-size tables in the addenda for easier readability.

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 immigration, 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 by mid-2015, down from the 3.46 persons shown in the 2010 census as shown below.

2010 CENSUS FIGURES FOR THE WAILUKU-KAHULUI PLANNING AREA								
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%
<b>CDP Total</b>	<b>53,456</b>	<b>17,391</b>	<b>15,443</b>	<b>3.46</b>	<b>3.49</b>	<b>63.9%</b>	<b>12.0%</b>	<b>24.2%</b>
(*) 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. Does not include short-term/vacation/transient rentals								
Source: 2010 US Census, and The Hallstrom Group/CBRE								

The average household size 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. Within the subject community we forecast an overall household size of 3.2 persons for single family homes, 2.6 persons for multifamily units and 1.5 persons for ohana units. This equates to an overall average household size of 2.87 persons, comparable with the current level in Wailuku which has the most similar mix of residential inventory among the regional towns of some 2.81 persons, as shown in the following excerpt from the US Census.

**QuickFacts**  
Wailuku CDP, Hawaii

ALL TOPICS	Q Browse more datasets	Q WAILUKU CDP, HAWAII	Q MAUI COUNTY, HAWAII
<b>Families and Living Arrangements</b>			
Households, 2010-2014	5,731	53,131	
Persons per household, 2010-2014	2.81	2.94	

There were an estimated 19,200 housing units in the Wailuku-Kahului planning area as of the study date (mid-2015), an increase of some 1,800 from the 2010 census, 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 at least 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.

QUANTIFICATION OF HOUSING UNIT DEMAND FOR THE WAILUKU-KAHULUI STUDY AREA 2015 TO 2035						
	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

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.



STRATIATED PROJECTIONS OF HOUSING UNIT DEMAND BY SELLING PRICE IN THE WAILUKU-KAHULUI TUDYAREA 2014 TO 2035 Expressed in Constant 2015 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%
(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).						
Source: Maui County, DBEDT, MLS and The Hallstrom Group/CBRE						

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.

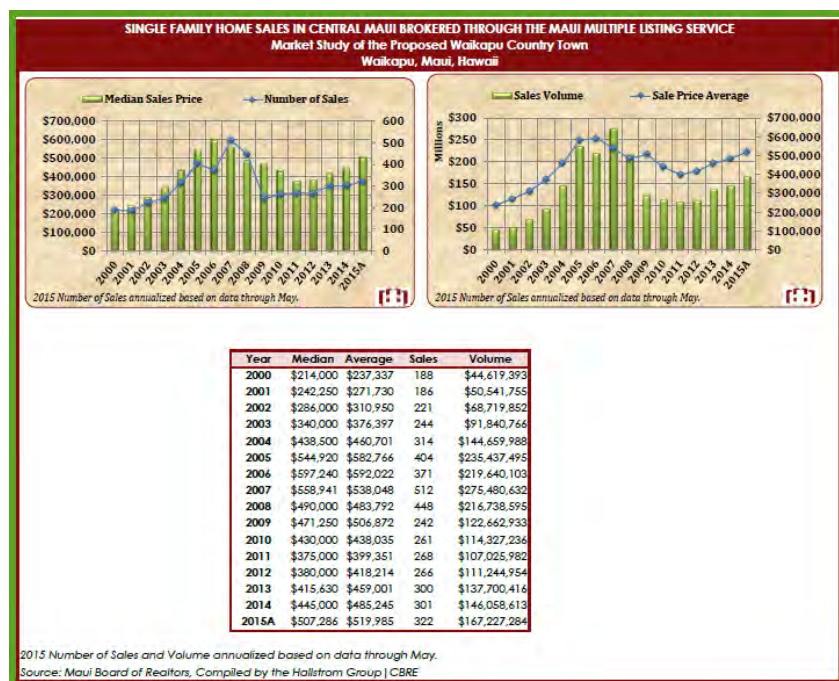
Through May 2015, the median and average sales prices for "Central Maui" residential inventory sold through the Maui Board of Realtors Multiple Listing Service (which may not include all original unit sales) were:

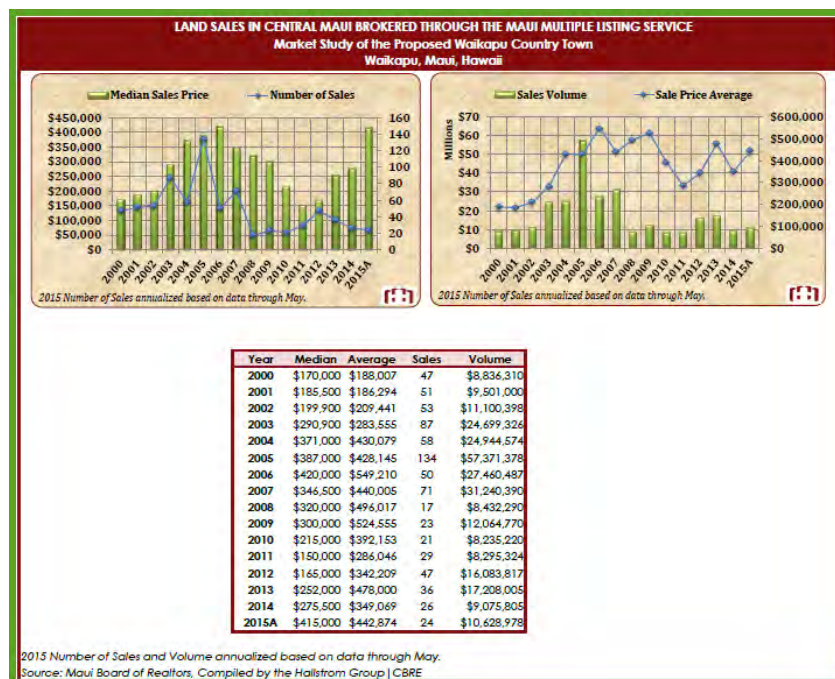
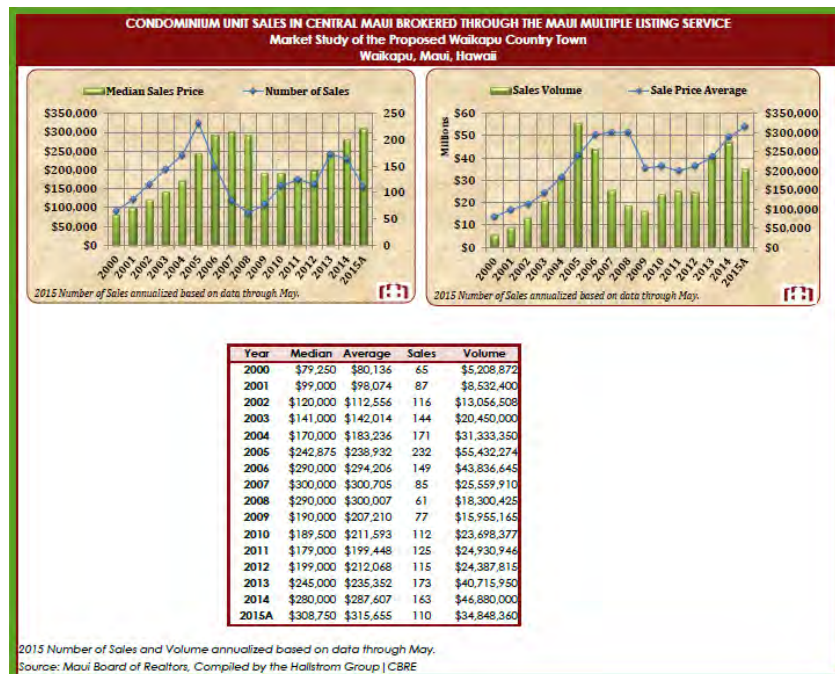
Single Family Median \$507,286  
Average \$519,985

Condominium 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.

DIVISION OF PROJECTED DEMAND BY UNIT TYPE  
FOR HOUSING UNITS IN WAILUKU-KAHULUI STUDY AREA 2015 TO 2035

	Periodic Demand (1)					Total Demand
	2015	2016 to 2020	2021 to 2025	2026 to 2030	2031 to 2035	2015-2035
<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	2,130	2,305	2,439	2,598	9,647
	100%	100%	100%	100%	100%	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	4,042	3,693	4,237	4,668	16,814
	100%	100%	100%	100%	100%	100%

Source: The Hallstrom Group/CBRE

Source: The Hallstrom Group/CBRE

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%
<b>Totals</b>	<b>4,281</b>	<b>4,419</b>	<b>8,700</b>
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 is 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.

PROJECTION OF POTENTIAL SUBJECT UNIT ABSORPTION USING THE RESIDUAL METHOD BASED ON TOTAL DEMAND FOR RESIDENTIAL UNITS IN THE WAILUKU-KAHULUI STUDY AREA Based on Proposed Units Within the Proposed Directed Growth Boundary for Wailuku-Kahului, Using Mid-Point Demand Estimates							
Segment	TOTAL UNITS PROPOSED Excluding Subject	2015	2016-2020	Sales Period 2021-2025	2026-2030	2031-2035	Total
<b>Single Family (1)</b>							
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)	7,254	100	1,852	1,650	1,769	1,853	7,223
Shortage or (Excess) Supply	3,669	0	852	650	769	1,368	3,638
<b>Potential Residual Subject SF Demand</b>							
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
<b>Multi Family</b>							
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)	5,976	74	1,234	1,350	1,569	1,780	6,007
Shortage or (Excess) Supply	2,265	0	234	350	569	1,143	2,296
<b>Potential Residual Subject MF Demand</b>							
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

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.

SUMMARY OF SUBJECT PROJECTED DEMAND LEVELS USING THE MARKET SHARES METHOD 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
(1) Excludes potential Ohana units.				
Source: The Hallstrom Group/CBRE				

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 and inserted into this section are presented in Addenda Exhibit II, Tables 1 and 2.

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.

SUMMARY OF EXISTING COMMERCIAL SPACE DEVELOPMENT IN HAWAII AND AMOUNT PER CAPITA As of End of First Quarter 2015, Major Islands Only					
County	C & C of Honolulu	Maui	Kauai	Hawaii	State Totals
Resident Population	1,001,706	154,020	71,885	200,016	1,427,626
De Facto Population	1,097,734	208,185	95,420	229,964	1,631,302
Gross Leaseable Area in Major Centers in Sq. Ft. (1)	19,995,007	4,069,738	1,267,749	3,234,939	28,567,432
Other Gross Leaseable Area in Sq. Ft. (2)	3,683,500	543,150	200,200	653,125	5,079,975
<b>Total Estimated Commercial GLA (Square Feet)</b>	<b>23,678,507</b>	<b>4,612,888</b>	<b>1,467,949</b>	<b>3,888,064</b>	<b>33,647,407</b>
<b>2. Per Capita Spatial Allowance (Square Feet per Person)</b>					
Per Resident Population Member	23.6	29.9	20.4	19.4	23.6
Per De Facto Population Member	21.6	22.2	15.4	16.9	20.6
<b>3. General Market Operating Overview</b>					<b>State Average</b>
Vacancy Rate	4.9%	9.5%	10.3%	4.8%	5.8%
Estimated Vacant Square Feet of GLA	1,160,247	438,224	151,199	186,627	1,936,297
Weighted Avg. Monthly Base per Square Foot Rents (3)					
Low	\$2.73	\$2.96	\$2.95	\$2.42	\$3.62
High	\$14.37	\$4.51	\$4.64	\$4.41	\$8.16
Average Monthly per Square Foot Operating Expenses (3)	\$2.41	\$1.22	\$0.98	\$1.30	\$1.90
<b>Space Absorbed in 2014 (Full-Year)</b>	<b>(79,901)</b>	<b>(13,309)</b>	<b>7,435</b>	<b>(5,367)</b>	<b>(91,142)</b>
<b>Space Absorbed in 1st Qtr. 2015</b>	<b>(832)</b>	<b>(16,022)</b>	<b>5,253</b>	<b>23,611</b>	<b>12,010</b>

(1) Complexes with about 50,000 square feet and up.

(2) Includes smaller projects, freestanding buildings and hotels. Does not include space within mixed-use and multi-tenant buildings located in Light Industrial parks.

(3) Based on recent leases. Historic leases may be outside of stated range.

Source: State DBEDT and The Hallstrom Group | CBRE

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 leasable 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 138,642 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			
<b>1. Stabilized Subject Population</b>			
De Facto Population			4,085
Full Time Equivalent On-Site Workers			597
<b>2. Project Resident Per Capita Demand for Commercial Space (in Gross Square Feet per Person)</b>			
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			97,060
<b>3. In-Project Worker Per Capita Demand for Commercial Space (in Gross Square Feet per Person)</b>			
Estimated Percent of Workers not Residing in Project			50.0%
Non-Resident Workers Patronizing Subject Commercial Businesses			299
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			1,970
<b>3. Indicated Subject Commercial Floor Space Demand</b>			
From Subject Project Population			99,030
Patronage From Other Sources			
	<b>% of Community Demand</b>		
Nearby Population in Non-Subject Projects	15%		14,854
Guests/Passer-Bys and Others	25%		24,757
<b>Total Estimated Gross Floor Space Demand at Stabilization</b>			<b>138,642</b>

(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 approximately 30,000 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 and as inserted into the text are contained in Addenda Exhibit III, Tables 1 through 9. 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, the 146 ohana units by 2030, 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 \$644.1 million in capital investment into the Maui economy. Local contractor and supplier profits are estimated to total more than \$90.1 million.

PROPOSED DEVELOPMENT SCHEDULE AND ESTIMATED CONSTRUCTION COSTS				
All Amounts Expressed in Constant 2015 Dollars, Includes Ohana Units				
	Development, Sales & Stabilization Period			Totals During
	2016 to 2020	2021 to 2026	2026 to 2030	Build-Out
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)	\$166,167,050	\$172,158,100	\$49,533,150	\$387,858,300
<b>TOTAL PERIODIC CONSTRUCTION COSTS</b>	<b>\$260,033,788</b>	<b>\$329,018,679</b>	<b>\$55,252,085</b>	<b>\$644,304,552</b>
Contractor Profits	\$26,003,379	\$32,901,868	\$5,525,209	\$64,430,455
Supplier Profits	\$10,401,352	\$13,160,747	\$2,210,083	\$25,772,182
(1) Includes 169,597 square feet of retail, restaurant, service and office/other components. Estimated average direct development cost of \$337 per sq ft.				
(2) Estimated average direct development cost of \$175 per square foot for single family homes, multifamily units and ohana units.				
(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. Average multifamily unit size of 804 square feet and average ohana unit size of 575 square feet.				
Note: Excludes any potential Ohana units.				
Source: The Hallstrom Group/CBRE				

The construction of the 1,433 housing units, 146 ohana units, and 169,600 square feet of commercial floor area and in the project will require an estimated 2,476 "worker years" in a variety of trades, suppliers and services; an average of 165 Full Time Equivalent (FTE) positions per year for the 15 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. These jobs will be new positions in the Maui economy. 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 1,789 worker years of off-site employment from 2016-2030 and a stabilized demand for 149 FTE positions.

In aggregate, during the development of WTC 8,946 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.

ESTIMATED YEARLY FULL-TIME EQUIVALENT EMPLOYMENT POSITIONS CREATED BY DEVELOPMENT				
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 (includes Ohana Units)	739	765	220	1,724
<b>Total Periodic Construction Jobs</b>	<b>1,001</b>	<b>1,230</b>	<b>246</b>	<b>2,476</b>
<b>On-Going Business Employment</b>				
Commercial Worker Years (2)	199	1,528	2,524	4,251
Total FTE Jobs in Place at End of Period	133	478	531	531
Maintenance & Common Element (3)	23	141	266	429
Total FTE Jobs in Place at End of Period	16	41	66	66
<b>Total Periodic On-Going Business Jobs</b>	<b>223</b>	<b>1,668</b>	<b>2,790</b>	<b>4,681</b>
<b>Total FTE Jobs in Place at End of Period</b>	<b>148</b>	<b>519</b>	<b>597</b>	<b>597</b>
Off-Site Employment (4)	306	724	759	1,789
Total FTE Jobs in Place at End of Period	37	130	149	149
<b>TOTAL PERIODIC WORKER YEARS</b>	<b>1,530</b>	<b>3,622</b>	<b>3,794</b>	<b>8,946</b>
<b>TOTAL END-OF-PERIOD PERMANENT JOBCOUNT</b>	<b>186</b>	<b>649</b>	<b>746</b>	<b>746</b>

(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.

(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

Wages paid to construction workers will total an estimated \$201 million. Employment related to commercial and maintenance operations over the projection time-frame will total \$264.8 million including on-site/direct (\$173.6 million) and off-site/indirect (\$91.3 million), and stabilize at \$27.1 million annually in 2030 and beyond.

ESTIMATED YEARLY EMPLOYEE WAGES CREATED BY DEVELOPMENT				
All Amounts Expressed in Constant 2015 Dollars				
	Development, Sales & Stabilization Period			Totals During Build-Out
Construction Wages (1)	2016 to 2020	2021 to 2025	2026 to 2030	
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 (including Ohana Units)	\$59,954,844	\$62,116,479	\$17,872,089	\$139,943,412
<b>Total Periodic Construction Wages</b>	<b>\$81,262,563</b>	<b>\$99,820,218</b>	<b>\$19,935,542</b>	<b>\$201,018,323</b>
On-Going Business Wages				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
<b>Total Periodic On-Going Business Wages</b>	<b>\$8,304,069</b>	<b>\$61,679,757</b>	<b>\$103,608,281</b>	<b>\$173,592,107</b>
Off-Site Employment Wages (5)	\$15,608,568	\$36,964,018	\$38,716,225	\$91,288,810
<b>TOTAL PERIODIC WAGES</b>	<b>\$105,175,200</b>	<b>\$198,463,993</b>	<b>\$162,260,047</b>	<b>\$465,899,240</b>
				<b>\$27,096,572</b>

(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

At build-out the de facto population of WCT will be some 3,921 persons of which 3,921 (or 96 percent) will be full-time residents. There will also be an average of 163 persons daily populating the community comprised of non-resident owners and their guests periodically using their "second" unit/home.

QUANTIFICATION OF WAIKAPU COUNTRY TOWN DE FACTO POPULATION											
Product Type	Total Units	X	Percent of Units	=	Units in Category	X	Average Persons in Household	X	Average Occupancy	=	Effective Population
Single Family Homes - Full-Time Residents	1,050		85%		893		3.2		100%		2,856
Single Family Homes - Part-Time Residents/Second Homes	1,050		15%		158		3.2		25%		126
Multifamily Units - Full-Time Residents	383		85%		326		2.6		100%		846
Multifamily - Part-Time Residents/Second Homes	383		15%		57		2.6		25%		37
Ohana Units	146		100%		146		1.5		100%		219
Total De Facto Population											4,085
Total Full-Time Residents											3,921
Total Part-Time/Second Home Residents											163

Resident household income during the projection period will total \$1.3 billion and average \$156.6 million annually on a stabilized basis. Discretionary expenditures into Maui businesses by the WCT population are estimated at \$675.9 million from 2016 to 2030, and \$78.3 million per year on a stabilized basis.



However, most of this will not be new spending into the Maui economy, perhaps just relocated as a result of an existing household moving to WCT.

New spending will be created by the part-time/second home owners, which we estimate at \$40.2 million during build-out and \$4.8 million on a stabilized annual basis.

ESTIMATED RESIDENT POPULATION, HOUSEHOLD INCOME AND DISCRETIONARY EXPENDITURES				
All Amounts Expressed in Constant 2015 Dollars				
	Development, Sales & Stabilization Period			
	2016 to 2020	2021 to 2025	2026 to 2030	Totals
<b>Number of Units Occupied End-Of-Period</b>	<b>690</b>	<b>1,284</b>	<b>1,433</b>	
<b>Single Family Homes</b>	<b>347</b>	<b>901</b>	<b>1,050</b>	
Percent of Total Units	50%	70%	73%	
<b>Multifamily Units</b>	<b>343</b>	<b>383</b>	<b>383</b>	
Percent of Total Units	50%	30%	27%	
<b>Ohana Units</b>	<b>0</b>	<b>73</b>	<b>146</b>	
Single Family Homes Population - Full-Time Residents (1)	944	2,452	2,856	
Single Family Homes Population - Part-Time Residents (1)	34	88	126	
Multifamily Homes Population - Full-Time Residents (2)	758	846	846	
Multifamily Homes Population - Part-Time Residents (2)	41	46	37	
Ohana Units (All Full-Time Residents) (3)	0	110	219	
				<b>Average Household Size</b>
Total Full-Time Resident Population	1,702	3,408	3,921	2.87
Total Part-Time Resident Population	75	134	163	
Total De Facto Population	1,777	3,542	4,085	
				<b>During Build-Out</b>
<b>RESIDENT HOUSEHOLD INCOME (4)</b>				
Annually (at end of period)	\$66,133,060	\$135,643,367	\$156,629,499	
Periodic	\$99,199,590	\$504,441,068	\$730,682,164	\$1,334,322,822
<b>TOTAL DE FACTO POPULATION EXPENDITURES (5)</b>				
Annually (at end of period)	\$35,256,311	\$67,821,684	\$78,314,749	
Periodic	\$52,884,467	\$257,694,986	\$365,341,082	\$675,920,535
			Stabilized	\$78,314,749
<b>TOTAL "NEW" MAUI SPENDING BY PART-TIME RESIDENTS</b>				
Annually (at end of period)	\$2,189,781	\$3,908,318	\$4,769,601	
Periodic	\$3,284,672	\$15,245,247	\$21,694,797	\$40,224,716
			Stabilized	\$4,769,601
(1) Average household size of 3.2 persons. (2) Average household size of 2.6 persons. (3) Average household size of 1.5 persons. (4) Single Family households at 175% of Maui household income average, multifamily households at 125% of Maui average. Ohana at 80% 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				

After completion of the community, the on-site commercial/business and maintenance activity will generate an estimated \$101.8 million in revenues/sales per year; the majority coming from the commercial (retail, restaurant and service) operations. During the build-out period, all activities will combine to total some \$750.5 million in gross income.

During the 2016-2030 build-out/ramp-up period, the WCT de facto population is estimated will create about 44.6 percent of total on-site sales and business activity, the remaining 55.4 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 42 percent.

However, much of this economic activity will not be "new" to Maui, but a relocation of spending by the full-time residents of the project (who are moving from elsewhere on the island) and other residents changing their spending patterns. Based on the non-residents of WCT and analysis of population growth patterns in Central Maui (which represents new spending) we estimate that on a stabilized basis some 22.6 percent of the activity will represent new dollars into the Maui economy.

Additionally the on-going maintenance of the units and common element component will generate an estimated \$4.3 million annually in new expenses.

The total new expenditures from the project will total \$172.8 million during build-out and stabilize at \$32.1 million annually.

PROJECTED ON-SITE OPERATING ECONOMIC ACTIVITY All Amounts Expressed in Constant 2015 Dollars					
	Development, Sales & Stabilization Period			Totals During Build-Out	Stabilized Annually
	2016 to 2020	2021 to 2025	2026 to 2030		
<b>Commercial Businesses (1)</b>	\$38,159,325	\$292,554,825	\$419,752,575	\$750,466,725	\$101,758,200
Non-Project Resident Patronage %	55.00%	56.00%	58.00%	56.33%	42.00%
Outside Project Patronage Expenditures	\$17,171,696	\$128,724,123	\$176,296,082	\$327,703,803	\$59,019,756
"New" Maui Spending as % of Expenditures	13.0%	26.0%	39.0%	26.0%	39.0%
"New" Maui Spending as a Result of Project	\$2,232,321	\$33,468,272	\$68,755,472	\$85,202,989	\$23,017,705
New Spending as % of Total Sales	5.9%	11.4%	16.4%	11.4%	22.6%
<b>Maintenance &amp; Common Element (4)</b>	\$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
<b>Total Economic Activity</b>					
"New" Maui Spending as a Result of Project	\$2,232,321	\$33,468,272	\$68,755,472	\$104,456,064	\$23,017,705
Maintenance & Common Element Expenditures	\$1,526,495	\$9,195,596	\$17,410,153	\$28,132,244	\$4,303,486
"New" Maui Spending by Part-Time Project Residents	\$3,284,672	\$15,245,247	\$21,694,797	\$40,224,716	\$4,769,601
<b>TOTAL PERIODIC "NEW MAUI" PROJECT GROSS REVENUES</b>	<b>\$7,043,487</b>	<b>\$57,909,115</b>	<b>\$107,860,422</b>	<b>\$172,813,024</b>	<b>\$32,090,792</b>

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

(4) Estimated at \$3,000 per residential unit per year (ohana units included in base property) and \$2 per square foot of total leaseable area per year.

Source: Hallstrom Group/CBRE

During the 15 years projection period, WCT will have a base economic impact on Maui of some \$817.1 million in new monies with a stabilized annual benefit of \$32.1 million thereafter.

SUMMARY OF ECONOMIC IMPACTS ASSOCIATED WITH DEVELOPMENT					
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	\$81,262,563	\$99,820,218	\$19,935,542	\$201,018,323	
Contractor Profits	\$26,003,379	\$32,901,868	\$5,525,209	\$64,430,455	
Supplier Profits	\$10,401,352	\$13,160,747	\$2,210,083	\$25,772,182	
Other Construction Costs	\$142,366,494	\$183,135,845	\$27,581,252	\$353,083,591	
Total Construction Impact	\$260,033,788	\$329,018,679	\$55,252,085	\$644,304,552	
Total "New Maui" Spending Project Impact	\$7,043,487	\$57,909,115	\$107,860,422	\$172,813,024	\$32,090,792
<b>TOTAL BASE ECONOMIC IMPACT</b>	<b>\$267,077,275</b>	<b>\$386,927,794</b>	<b>\$163,112,507</b>	<b>\$817,117,576</b>	<b>\$32,090,792</b>

Source: Hallstrom Group/CBRE

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.

All of these forecasts are based on new dollars flowing into the Maui economy from the WCT community, and exclude income and spending from full-time residents relocating to the project,

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 \$644.3 million in cumulative WCT construction costs will generate a total State Economic Output of \$1.37 billion.
- Direct subject construction wage earnings of \$1201 million will yield \$406.1 million in statewide wage earnings.
- Indirect and induced State taxes associated with construction will total more than \$77.3 million.

- Direct effect jobs created by WCT construction employment will be 2.68 times the number of on-site workers, or a total of 6,636 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 8,911 worker years during the build-out period.

ESTIMATES OF TOTAL ECONOMIC IMPACT FROM SUBJECT CONSTRUCTION USING STATE INPUT-OUTPUT MODEL "TYPE II" MULTIPLIERS All Amounts Expressed in Constant 2014 Dollars				
Development, Sales & Stabilization Period				
Year	2016 to 2020	2021 to 2025	2026 to 2030	Totals
<b><u>Construction Costs</u></b>	\$260,033,788	\$329,018,679	\$55,252,085	\$644,304,552
1. Economic Output Multiplier	2.12	2.12	2.12	2.12
<b>Total State Economic Output</b>	<b>\$551,271,631</b>	<b>\$697,519,599</b>	<b>\$117,134,421</b>	<b>\$1,365,925,650</b>
2. Earnings Multiplier	0.61	0.61	0.61	0.61
<b>Total Increase in State Earnings</b>	<b>\$158,620,611</b>	<b>\$200,701,394</b>	<b>\$33,703,772</b>	<b>\$393,025,777</b>
3. State Tax Multipliers	0.12	0.12	0.12	0.12
<b>Total Increase in State Taxes</b>	<b>\$31,204,055</b>	<b>\$39,482,241</b>	<b>\$6,630,250</b>	<b>\$77,316,546</b>
4. Total Job Multipliers	13.83	13.83	13.83	13.83
<b>Total State Jobs Created</b>	<b>3,596.3</b>	<b>4,550.3</b>	<b>764.1</b>	<b>8,910.7</b>
<b><u>Construction Employment</u></b>	<b>1,001</b>	<b>1,230</b>	<b>246</b>	<b>2,476</b>
5. Direct-Effect Job Multipliers	2.68	2.68	2.68	2.68
<b>Total Direct Jobs Created</b>	<b>2,682.6</b>	<b>3,295.3</b>	<b>658.1</b>	<b>6,636.0</b>
<b><u>Construction Wages</u></b>	<b>\$81,262,563</b>	<b>\$99,820,218</b>	<b>\$19,935,542</b>	<b>\$201,018,323</b>
6. Direct-Effect Earnings	2.02	2.02	2.02	2.02
<b>Total Increase in Direct Earnings</b>	<b>\$164,150,378</b>	<b>\$201,636,841</b>	<b>\$40,269,794</b>	<b>\$406,057,013</b>

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

- The \$165.8 million in new cumulative business activity during the 15-year build-out/projection period equates to a total State Economic Output of \$346.5 million. On a stabilized basis, the \$32.1 million in annual business activity will result in \$67.1 million in total impact per year.
- Direct on-site wages paid by operating businesses of \$465.9 million from 2016 through 2030 will yield \$800.5 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 \$26.5 during build-out and \$5.1 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.

ESTIMATES OF TOTAL ECONOMIC IMPACT FROM SUBJECT OPERATIONS USING STATE INPUT-OUTPUT MODEL "TYPE II" MULTIPLIERS All Amounts Expressed in Constant 2014 Dollars					
Year	Development, Sales & Stabilization Period			Totals	Stabilized Annually
	2016 to 2020	2021 to 2025	2026 to 2030		
<b>Operating Revenues</b>	\$7,043,487	\$57,909,115	\$107,860,422	\$165,769,537	\$32,090,792
1. Economic Output Multiplier	2.09	2.09	2.09	2.09	2.09
<b>Total State Economic Output</b>	\$14,720,889	\$121,030,051	\$225,428,281	\$346,458,332	\$67,069,755
2. Earnings Multiplier	0.66	0.66	0.66	0.66	0.66
<b>Total Increase in State Earnings</b>	\$4,648,702	\$38,220,016	\$71,187,878	\$109,407,894	\$21,179,923
3. State Tax Multipliers	0.16	0.16	0.16	0.16	0.16
<b>Total Increase in State Taxes</b>	\$1,126,958	\$9,265,458	\$17,257,667	\$26,523,126	\$5,134,527
4. Total Job Multipliers	19.00	19.00	19.00	19.00	19.00
<b>Total State Jobs Created</b>	133.8	1,100.3	2,049.3	3,149.6	609.7
<b>Operating Employment</b>	223	1,668	2,790	4,681	597
5. Direct-Effect Job Multipliers	2.05	2.05	2.05	2.05	2.05
<b>Total Direct Jobs Created</b>	456.5	3,420.0	5,718.8	9,595.3	1,223.9
<b>Operating Wages</b>	\$105,175,200	\$198,463,993	\$162,260,047	\$465,899,240	\$27,096,572
6. Direct-Effect Earnings	1.89	1.89	1.89	1.89	1.89
<b>Total Increase in Direct Earnings</b>	\$198,781,128	\$375,096,947	\$306,671,489	\$880,549,564	\$51,212,521

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

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 COSTS AND BENEFITS ASSOCIATED WITH THE PROJECT

The master summary table from the modeling process is presented in Exhibit IV, Table 1 through 3.

We have analyzed the public fiscal impacts considering only the non-resident component of WCT, both in regards to tax benefits flowing to the State and County of Hawaii and the cost of providing government services to them on a per capita basis.

The exception is for the full-time resident real property taxes, as their new home at WCT will mean increased real property assessments and taxes, with their previous homes still having a tax load that would be paid by a subsequent owner. The tax impacts of on-going maintenance/renovation costs of their new homes are also included in the model.

From a household income and discretionary spending perspective, the resident population is assumed to live on Maui prior to their residing at WCT and is therefore already contributing their State GET and Income taxes, so these are excluded from the model. They are merely moving their home from one location to the other on the island and their public fiscal footprint will remain generally unchanged apart from the additions to the County's real property tax base.

Maui County and the State of Hawaii will receive millions of dollars in tax receipts from the construction and stabilized "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
<b>Total Commercial Value</b>	<b><u>\$84,622,119</u></b>	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
		<b>Total Average Home Value</b>	<b><u>\$568,137</u></b>	<b>Total Average Unit Value</b>	<b><u>\$318,308</u></b>

(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.

**Note:** Ohana units are estimated to have an average size of 575 square feet, based on County code allowances with an average construction cost of \$100,600. The other cost items are assumed to already be accounted for in the primary residence on the lot.

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 and real property taxes of WCT inventory, land and improvements, before and after homeowner's exemptions, would be as follows upon build-out:

COUNTY OF MAUI REAL PROPERTY TAX ASSESSMENTS AND PAYMENTS					
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		
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
Ohana Units (No Exemptions, No Land Value)	\$0	\$7,343,800	\$14,687,600		\$14,687,600
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 and Rentals	\$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 and Rentals	\$320,988	\$358,421	\$358,421		\$358,421
Ohana Units (60% on homeowners properties, 40% on rental properties)	\$0	\$15,863	\$31,725		\$31,725
Total Annual Property Taxes (End of Period)	\$1,218,330	\$2,760,151	\$3,132,785		
Total Real Property Taxes During Period	\$3,045,824	\$9,946,202	\$14,732,341	\$27,724,367	\$3,132,785

We estimate the County will receive some \$27.7 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 \$42.9 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 \$47.9 million during the development-to-stabilization period.

COUNTY OF MAUI GROSS PUBLIC TAX REVENUES FROM WAIKPAU COUNTY TOWN					
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		
	INCLUDES ONLY THOSE REVENUES AND COSTS WHICH ARE "NEW" TO MAUI				
TOTAL GROSS PUBLIC REVENUES					
To County of Maui (Rea: Property Taxes)	\$3,045,824	\$9,946,202	\$14,732,341	\$27,724,367	\$3,132,785
Adjustment for Other Proportional Taxes	1.55	1.55	1.55	1.55	1.55
Adjusted Maui County Revenues	\$4,718,512	\$15,408,400	\$22,822,962	\$42,949,874	\$4,853,230
Plus Impact Fees (2)	\$5,000,000	\$0	\$0	\$5,000,000	
Total County of Maui Receipts	\$9,718,512	\$15,408,400	\$22,822,962	\$47,949,874	\$4,853,230

The State of Hawaii will receive an estimated \$28.9 million in new primary receipts from State Income Taxes from worker wages 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.

The State will also receive some \$43.7 million in Gross Excise Tax during build-out and \$1.9 million annually on a stabilized basis.

STATE OF HAWAII DIRECT TAX REVENUES FROM WAIKAPU COUNTY TOWN					
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
INCLUDES ONLY THOSE TAXES WHICH ARE "NEW" TO MAUI AS RESULT OF THE PROJECT					
2. STATE INCOME TAXES					
Taxable Personal Income	\$105,175,200	\$198,463,993	\$162,260,047	\$465,899,240	\$27,096,572
Taxable Corporate Profits	\$37,461,253	\$54,748,982	\$23,914,355	\$116,124,591	\$4,813,619
Personal Taxes Paid	\$5,363,935	\$10,121,664	\$8,275,262	\$23,760,861	\$1,381,925
Corporate Taxes Paid	\$1,648,295	\$2,408,955	\$1,052,232	\$5,109,482	\$211,799
TOTAL STATE INCOME TAXES	\$7,012,230	\$12,530,619	\$9,327,494	\$28,870,343	\$1,593,724
3. STATE GROSS EXCISE TAX					
Taxable Transactions					
Construction Contracts	\$260,033,788	\$329,018,679	\$55,252,085	\$644,304,552	
Worker Disposable Income Purchases	\$52,587,600	\$99,231,997	\$81,130,024	\$232,949,620	\$13,548,286
"New" Maui Spending Project Impact	\$7,043,487	\$57,909,115	\$107,860,422	\$172,813,024	\$32,090,792
Total Taxable Transactions	\$319,664,875	\$486,159,791	\$244,242,530	\$1,050,067,196	\$45,639,078
TOTAL STATE EXCISE TAX	\$13,319,476	\$20,256,820	\$10,176,854	\$43,753,150	\$1,901,643

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 new tax collection monies from the subject of \$90.1 million during the initial 15-year forecasting period, and \$4.4 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 \$95.4 million during the development period.

STATE OF HAWAII GROSS PUBLIC TAX REVENUES FROM WAIKAPU COUNTY TOWN					
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		
	INCLUDES ONLY THOSE REVENUES AND COSTS WHICH ARE "NEW" TO MAUI				
To State (Items #2 & #3)	\$20,331,707	\$32,787,439	\$19,504,348	\$72,623,493	\$3,495,368
Adjustment for Other Proportional Taxes (3)	1.25	1.25	1.25	1.25	1.25
Adjusted State Revenues	\$25,414,633	\$40,984,299	\$24,380,434	\$90,779,366	\$4,369,210
Plus Impact Fees (2)	\$4,600,028	\$0	\$0	\$4,600,028	
Total State of Hawaii Receipts	\$30,014,661	\$40,984,299	\$24,380,434	\$95,379,394	\$4,369,210

The new/additional per capita cost for the County and State associated with the new, part time (second home) resident population component at WCT was calculated as follows based on the 2015-16 proposed mayoral fiscal year budgets for each as shown.

CALCULATION OF PER CAPITA GOVERNMENTAL COSTS FOR FISCAL-YEAR 2015-16	
<b>Total County Budget (Operating and Capital)</b>	<b>\$790,578,100</b>
Divided by Total County De Facto Population (Residents & Tourists)	208,185
<b>County Per Capita Fiscal Year Expense</b>	<b>\$3,797</b>
<b>Total State Budget (Operating and Capital)</b>	<b>\$14,279,500,000</b>
Divided by Total State De Facto Population (Residents & Tourists)	1,631,302
<b>State Per Capita Fiscal Year Expense</b>	<b>\$8,753</b>

The total governmental costs on a periodic basis for WCT for the development period and as stabilized are on the following chart.

COUNTY OF MAUI AND STATE OF HAWAII NEW PER CAPITA COSTS FROM WAIKAPU COUNTY TOWN					
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		
	INCLUDES ONLY THOSE REVENUES AND COSTS WHICH ARE "NEW" TO MAUI				
<u>PUBLIC COSTS (Expenses)</u>					
By County of Maui	\$711,956	\$1,982,654	\$2,821,422	\$5,516,032	\$620,290
By State of Hawaii	<u>\$1,641,105</u>	<u>\$4,570,148</u>	<u>\$6,503,563</u>	<u>\$12,714,816</u>	<u>\$1,429,808</u>
TOTAL PUBLIC COSTS	\$2,353,061	\$6,552,802	\$9,324,986	\$18,230,849	\$2,050,098

The total new added operating and capital costs to the County of Maui will amount to \$5.5 million during the build-out period and stabilize at \$620,090 annually. The total new added per capita costs to the State of Hawaii budget will be \$12.7 million during the build-out period and \$1.4 million per year thereafter.

As shown below, both the County and the State will be provided with a net positive benefit (or "profit") from WCT in each development period and on an annual stabilized basis.

The County will realize a new net benefit of \$42.4 million during build-out and a stabilized level of \$4.3 annually thereafter. The State will receive \$82.7 million in net benefits during build-out and \$2.9 million per year on a stabilized basis.

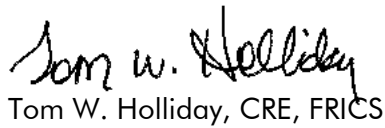
COUNTY OF MAUI AND STATE OF HAWAII NEW NET BENEFITS (TAXES LESS COSTS) FROM WAIKAPU COUNTY TOWN					
All Amounts Expressed in Constant 2015 Dollars					
Development Period	Development, Sales & Stabilization Period			Totals During Build-Out Period	Stabilized Annually After Build-out
	2016 to 2020	2021 to 2025	2026 to 2030		
	INCLUDES ONLY THOSE REVENUES AND COSTS WHICH ARE "NEW" TO MAUI				
<b>TOTAL NET PUBLIC BENEFITS</b>					
To County of Maui	\$9,006,556	\$13,425,746	\$20,001,540	\$42,433,842	\$4,232,940
To State of Hawaii	<u>\$28,373,556</u>	<u>\$36,414,151</u>	<u>\$17,876,871</u>	<u>\$82,664,578</u>	<u>\$2,939,401</u>
AGGREGATE NET BENEFITS	\$37,380,112	\$49,839,896	\$37,878,411	\$125,098,420	\$7,172,342

## 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, CRE, FRICS

/as

## **A D D E N D A**

Addendum A

## RESIDENTIAL MARKET STUDY TABLES

EXHIBIT I - TABLE 1

PROJECTED SUBJECT RESIDENTIAL UNITS ABSORPTION			
Assuming 1,433 Residential Units			
With Sales Starting in 2017			
Year		Construction, Sale and Absorption Timing	Absorbed Residential Units (Pre-Sold/Reserved)
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
2021 to 2030		Construction of Ohana Units Assumed to Occur with Maximum Build-Out	146
Source: The Hallstrom Group/CBRE			



EXHIBIT I - TABLE 2

QUANTIFICATION OF HOUSING UNIT DEMAND FOR THE WAILUKU-KAHULUI STUDY AREA 2015 TO 2035						
	2015	2020	2025	2030	2035	Additional Units Required by 2035
<b>Scenario One: Minimum Based on Adjusted Planning Department Baseline Population Forecasts (2)</b>						
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	
<b>TOTAL MARKET UNIT DEMAND</b>	<b>19,374</b>	<b>21,504</b>	<b>23,810</b>	<b>26,249</b>	<b>28,847</b>	<b>9,647</b>
<b>Scenario Two: Maximum Based on Planning Department Historical "High" Population Forecasts (Unadjusted)</b>						
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	
<b>TOTAL MARKET UNIT DEMAND</b>	<b>19,374</b>	<b>23,417</b>	<b>27,110</b>	<b>31,346</b>	<b>36,014</b>	<b>16,814</b>
<b>CONCLUDED HOUSING UNIT DEMAND RANGE</b>						
	2015	2016-2020	2021-2025	2026-2030	2031-2035	Totals
<b>MINIMUM DEMAND</b>						
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	
<b>MAXIMUM DEMAND</b>						
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	
<b>MID-POINT DEMAND</b>						
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 2035. 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 16,814 additional units between 2015 and 2035.

(1) According to the 2010 US Census, there were 54,433 residents in the Primary Study Area (Kahului, Wailuku, Waihee-Waiehu, and Waikapu CDPs, Spreckels). The 2010 population 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

(2) 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.

EXHIBIT I - TABLE 3

2010 CENSUS FIGURES FOR THE WAILUKU-KAHULUI PLANNING AREA								
	Resident	Total Housing	Number of	Average Household Size (2)		Homeownership	Non-Resident	Multi-Family Units
Census Designated Place	Population	Units	Households (1)	Computed	Survey	Rate	Ownership (3)	as % of Inventory
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%
(*) 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. Does not include short-term/vacation/transient rentals								
Source: 2010 US Census, and The Hallstrom Group/CBRE								

EXHIBIT I - TABLE 4

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			
<b><u>1. Based on HUD/Maui County Criteria for Three-Bedroom Single Family House</u></b>			
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)			
<b>Single Family</b>			
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
<b>Multi-Family</b>			
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
<b><u>2. Based on Conventional Financing Criteria</u></b>			
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

EXHIBIT I - TABLE 5

**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

EXHIBIT I - TABLE 6

**STRATIATED PROJECTIONS OF HOUSING UNIT DEMAND  
BY SELLING PRICE IN THE WAILUKU-KAHULUI TUDYAREA 2014 TO 2035**  
Expressed in Constant 2015 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%

(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).

Source: Maui County, DBEDT, MLS and The Hallstrom Group/CBRE

EXHBIT I - TABLE 7

**DIVISION OF PROJECTED DEMAND BY UNIT TYPE  
FOR HOUSING UNITS IN WAILUKU-KAHULUI STUDY AREA 2015 TO 2035**

	Periodic Demand (1)					Total Demand
	2015	2016 to 2020	2021 to 2025	2026 to 2030	2031 to 2035	2015-2035
<b><u>1. Using Minimum Demand Projections</u></b>						
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%
<b>Total</b>	<b>174</b>	<b>2,130</b>	<b>2,305</b>	<b>2,439</b>	<b>2,598</b>	<b>9,647</b>
	100%	100%	100%	100%	100%	100%
<b><u>2. Using Maximum Projections</u></b>						
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%
<b>Total</b>	<b>174</b>	<b>4,042</b>	<b>3,693</b>	<b>4,237</b>	<b>4,668</b>	<b>16,814</b>
	100%	100%	100%	100%	100%	100%
<b><u>Mid-Point</u></b>						
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
<b>Total</b>	<b>174</b>	<b>3,086</b>	<b>2,999</b>	<b>3,338</b>	<b>3,633</b>	<b>13,230</b>

Source: The Hallstrom Group/CBRE

**DIVISION OF PROJECTED DEMAND BETWEEN OWNER-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**

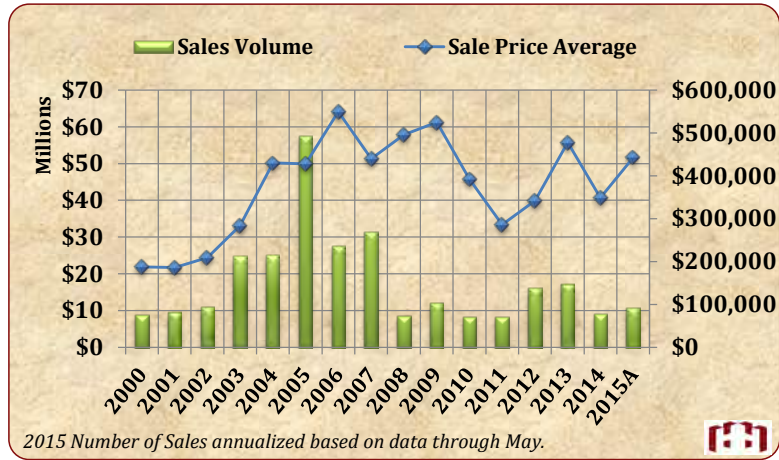
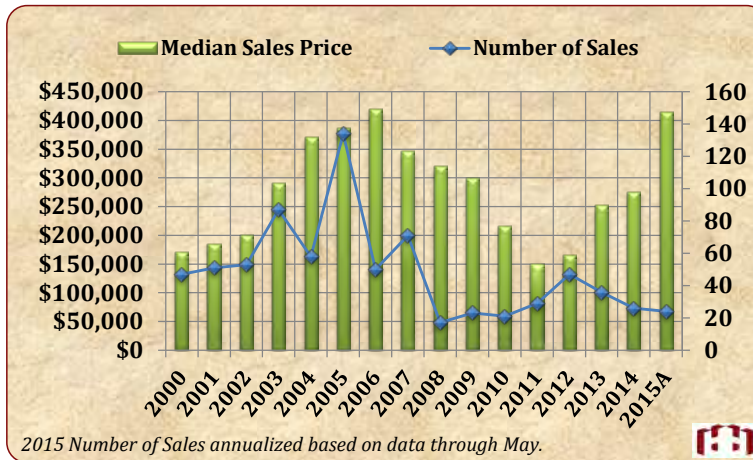
	Periodic Demand (1)					Total Demand
	2015	2016 to 2020	2021 to 2025	2026 to 2030	2031 to 2035	2015-2035
<b><u>1. Using Minimum Demand Projections</u></b>						
Owner-Occupied Units	112	1,320	1,383	1,415	1,455	5,685
Percent of Total	64%	62%	60%	58%	56%	59%
Renter-Occupied Units	63	809	922	1,025	1,143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

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

EXHIBIT I - TABLE 9

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

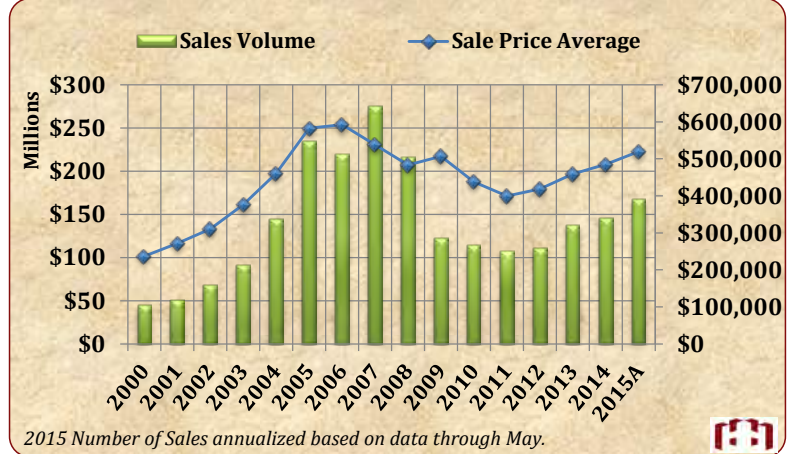
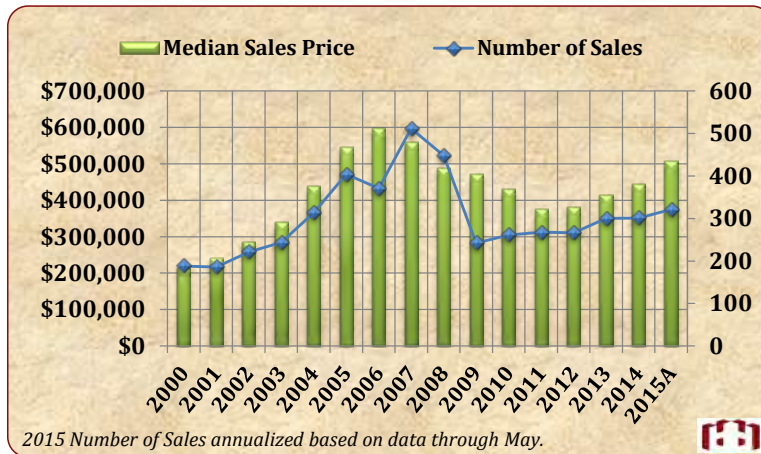
2015 Number of Sales and Volume annualized based on data through May.

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



EXHIBIT I - TABLE 10

**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**



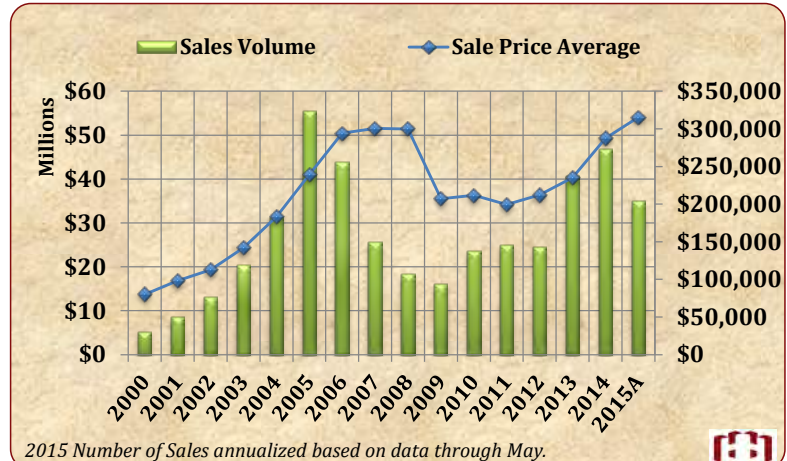
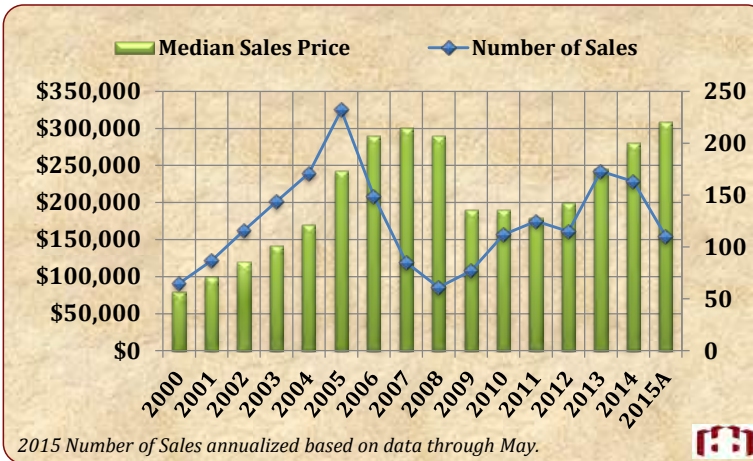
Year	Median	Average	Sales	Volume
2000	\$214,000	\$237,337	188	\$44,619,393
2001	\$242,250	\$271,730	186	\$50,541,755
2002	\$286,000	\$310,950	221	\$68,719,852
2003	\$340,000	\$376,397	244	\$91,840,766
2004	\$438,500	\$460,701	314	\$144,659,988
2005	\$544,920	\$582,766	404	\$235,437,495
2006	\$597,240	\$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

EXHIBIT I - TABLE 11

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



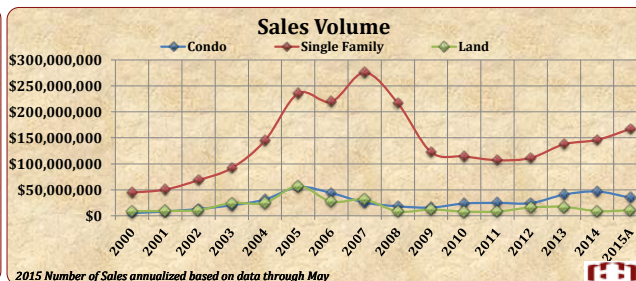
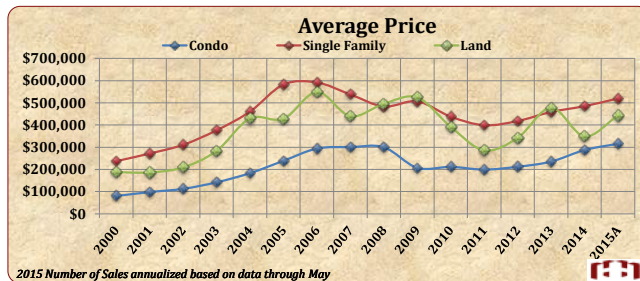
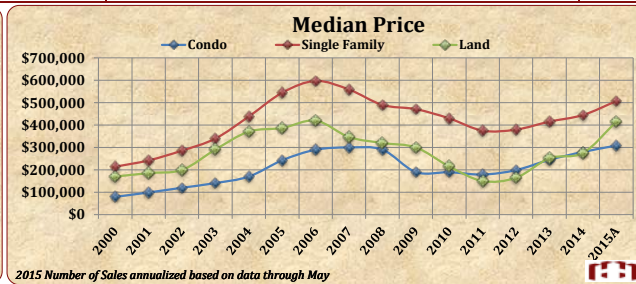
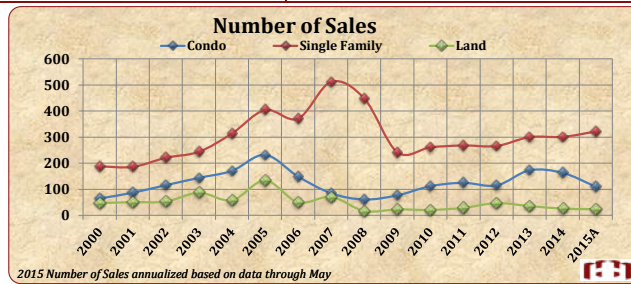
Year	Median	Average	Sales	Volume
2000	\$79,250	\$80,136	65	\$5,208,872
2001	\$99,000	\$98,074	87	\$8,532,400
2002	\$120,000	\$112,556	116	\$13,056,508
2003	\$141,000	\$142,014	144	\$20,450,000
2004	\$170,000	\$183,236	171	\$31,333,350
2005	\$242,875	\$238,932	232	\$55,432,274
2006	\$290,000	\$294,206	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

# EXHIBIT I - TABLE 12

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

EXHIBIT I - TABLE 13

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

Proposed/Planned Units		
	Number	% of Total
Including Subject		
Single Family	4,281	49.2%
Multi Family	4,419	50.8%
Total	8,700	100.00%

Excluding Subject		
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 Based on Proposed Units Within the Proposed Directed Growth Boundary for Wailuku-Kahului, Using Mid-Point Demand Estimates							
Segment	TOTAL UNITS PROPOSED Excluding Subject	2015	2016-2020	Sales Period			Total
				2021-2025	2026-2030	2031-2035	
<b><u>Single Family (1)</u></b>							
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)	7,254	100	1,852	1,650	1,769	1,853	7,223
Shortage or (Excess) Supply	3,669	0	852	650	769	1,368	3,638
<b><u>Potential Residual Subject SF Demand</u></b>							
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
<b><u>Multi Family</u></b>							
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)	5,976	74	1,234	1,350	1,569	1,780	6,007
Shortage or (Excess) Supply	2,265	0	234	350	569	1,143	2,296
<b><u>Potential Residual Subject MF Demand</u></b>							
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
<b><u>Total Single and Multi Family</u></b>							
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)	13,230	174	3,086	2,999	3,338	3,633	13,230
Shortage or (Excess) Supply	5,934	0	1,086	999	1,338	2,511	5,934
<b><u>Potential Residual Subject Demand</u></b>							
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.

Source: Maui County, Developers/Agents, &amp; The Hallstrom Group, Inc.

**SUMMARY OF SUBJECT PROJECTED DEMAND LEVELS  
USING THE MARKET SHARES METHOD  
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)
<u>Date</u>	<u>Period</u>			
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
<b>Totals</b>		<b>7,488</b>	<b>19.14%</b>	<b>1,433</b>

**Scenario Two: Using Maximum Demand Assumptions**

Sales Year		Total Regional Demand	Effective Subject Share	Indicated Total Subject Absorption (1)
<u>Date</u>	<u>Period</u>			
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
<b>Totals</b>		<b>6,927</b>	<b>20.69%</b>	<b>1,433</b>

**ANALYSIS MID-POINT**

<b>12.05</b>	<b>Years</b>	<b>7,207</b>	<b>19.88%</b>	<b>1,433</b>
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(1) Excludes potential Ohana units.

Source: The Hallstrom Group/CBRE

Addendum B

## COMMERCIAL MARKET STUDY TABLES

EXHIBIT II - TABLE 1

**SUMMARY OF EXISTING COMMERCIAL SPACE DEVELOPMENT IN HAWAII AND AMOUNT PER CAPITA**  
**Market Study of the Proposed Waikapu Country Town**  
**Waikapu, Maui, Hawaii**  
**As of End of First Quarter 2015, Major Islands Only**

<b>County</b>	<b>C &amp;C of Honolulu</b>	<b>Maui</b>	<b>Kauai</b>	<b>Hawaii</b>	<b>State Totals</b>
Resident Population	1,001,706	154,020	71,885	200,016	1,427,626
De Facto Population	1,097,734	208,185	95,420	229,964	1,631,302
Gross Leaseable Area in Major Centers in Sq. Ft. (1)	19,995,007	4,069,738	1,267,749	3,234,939	28,567,432
Other Gross Leaseable Area in Sq. Ft. (2)	3,683,500	543,150	200,200	653,125	5,079,975
<b>Total Estimated Commercial GLA</b> (Square Feet)	<b>23,678,507</b>	<b>4,612,888</b>	<b>1,467,949</b>	<b>3,888,064</b>	<b>33,647,407</b>
<b><u>2. Per Capita Spatial Allowance</u></b> (Square Feet per Person)					
Per Resident Population Member	23.6	29.9	20.4	19.4	23.6
Per De Facto Population Member	21.6	22.2	15.4	16.9	20.6
<b><u>3. General Market Operating Overview</u></b>					<b><u>State Average</u></b>
Vacancy Rate	4.9%	9.5%	10.3%	4.8%	5.8%
Estimated Vacant Square Feet of GLA	1,160,247	438,224	151,199	186,627	1,936,297
Weighted Avg. Monthly Base per Square Foot Rents (3)					
Low	\$2.73	\$2.96	\$2.95	\$2.42	\$3.62
High	\$14.37	\$4.51	\$4.64	\$4.41	\$8.16
Average Monthly per Square Foot Operating Expenses (3)	\$2.41	\$1.22	\$0.98	\$1.30	\$1.90
<b>Space Absorbed in 2014 (Full-Year)</b>	<b>(79,901)</b>	<b>(13,309)</b>	<b>7,435</b>	<b>(5,367)</b>	<b>(91,142)</b>
<b>Space Absorbed in 1st Qtr. 2015</b>	<b>(832)</b>	<b>(16,022)</b>	<b>5,253</b>	<b>23,611</b>	<b>12,010</b>

(1) Complexes with about 50,000 square feet and up.

(2) Includes smaller projects, freestanding buildings and hotels. Does not include space within mixed-use and multi-tenant buildings located in Light Industrial parks.

(3) Based on recent leases. Historic leases may be outside of stated range.

Source: State DBEDT and The Hallstrom Group | CBRE



EXHIBIT II - TABLE 2

SUMMARY OF NEIGHBORHOOD COMMERCIAL SPACE DEMAND CREATED BY WAIKAPU COUNTRY TOWN BY BUILD-OUT AND STABILIZATION Market Study of the Proposed Waikapu Country Town Waikapu, Maui, Hawaii			
<b>1. Stabilized Subject Population</b>			
De Facto Population			4,085
Full Time Equivalent On-Site Workers			597
<b>2. Project Resident Per Capita Demand for Commercial Space (in Gross Square Feet per Person)</b>			
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			97,060
<b>3. In-Project Worker Per Capita Demand for Commercial Space (in Gross Square Feet per Person)</b>			
Estimated Percent of Workers not Residing in Project			50.0%
Non-Resident Workers Patronizing Subject Commercial Businesses			299
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			1,970
<b>3. Indicated Subject Commercial Floor Space Demand</b>			
From Subject Project Population			99,030
Patronage From Other Sources			
	<b>% of Community Demand</b>		
Nearby Population in Non-Subject Projects	15%		14,854
Guests/Passer-Bys and Others	25%		24,757
<b>Total Estimated Gross Floor Space Demand at Stabilization</b>			<b>138,642</b>

(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.

Addendum C

## ECONOMIC IMPACT ANALYSIS TABLES

EXHIBIT III -TABLE 1

**SUMMARY COMPARISON OF MAJOR ECONOMIC IMPACTS  
AND PUBLIC FISCAL COSTS/BENEFITS**  
**Market Study of the Proposed Waikapu Country Town**  
**Waikapu, Maui, Hawaii**  
**All Amounts Expressed in Constant, Uninflated 2015 Dollars**

<b>Analysis Item</b>	<b>Cumulative During Projection Period 2016-2030</b>	<b>Stabilized Annually Thereafter</b>
Direct Capital Investment	\$644,304,552	
Local Contractor's Profits	\$64,430,455	
Local Supplier's Profits	\$25,772,182	
Worker Years of Jobs	8,946	746
Employee Wages	\$465,899,240	\$27,096,572
Resident Population		3,921
Full-Time Resident Household Income	\$1,334,322,822	\$156,629,499
De Facto Population Expenditures (On & Off Site)	\$675,920,535	\$78,314,749
Total New Operating Gross Receipts	\$172,813,024	\$32,090,792
Total New Maui "Base" Economic Impact	\$817,117,576	\$32,090,792
<b>ACCOUNTS FOR NEW TAX REVENUES AND EXPENDITURES ONLY</b>		
County of Maui Gross Tax and Fee Receipts	\$47,949,874	\$4,853,230
State of Hawaii Gross Tax and Fee Receipts	\$95,379,394	\$4,369,210
County of Maui Costs of Services (per capita basis)	\$5,516,032	\$620,290
State Costs of Services (per capita basis)	\$12,714,816	\$1,429,808
County of Maui Net Benefits or (Loss)	\$42,433,842	\$4,232,940
State Net Benefits or (Loss)	\$82,664,578	\$2,939,401
Source: The Hallstrom Group/CBRE		

**PROPOSED DEVELOPMENT SCHEDULE AND ESTIMATED CONSTRUCTION COSTS**

**Market Study of the Proposed Waikapu Country Town**

**Waikapu, Maui, Hawaii**

**All Amounts Expressed in Constant 2015 Dollars, Includes Ohana Units**

	<b>Development, Sales &amp; Stabilization Period</b>			<b>Totals During Build-Out</b>
	<b><u>2016 to 2020</u></b>	<b><u>2021 to 2026</u></b>	<b><u>2026 to 2030</u></b>	
<b>Infrastructure Emplacement</b>	\$79,569,400	\$119,687,500		<b>\$199,256,900</b>
<b>Commercial Construction (1)</b>	\$14,297,338	\$37,173,079	\$5,718,935	<b>\$57,189,352</b>
<b>Residential Construction (2, 3)</b>	\$166,167,050	\$172,158,100	\$49,533,150	<b>\$387,858,300</b>
<b>TOTAL PERIODIC CONSTRUCTION COSTS</b>	<b>\$260,033,788</b>	<b>\$329,018,679</b>	<b>\$55,252,085</b>	<b>\$644,304,552</b>
<b>Contractor Profits</b>	\$26,003,379	\$32,901,868	\$5,525,209	<b>\$64,430,455</b>
<b>Supplier Profits</b>	\$10,401,352	\$13,160,747	\$2,210,083	<b>\$25,772,182</b>

(1) Includes 169,597 square feet of retail, restaurant, service and office/other components. Estimated average direct development cost of \$337 per sq ft.

(2) Estimated average direct development cost of \$175 per square foot for single family homes, multifamily units and ohana units.

(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. Average multifamily unit size of 804 square feet and average ohana unit size of 575 square feet.

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 (includes Ohana Units)	739	765	220	1,724
Total Periodic Construction Jobs	1,001	1,230	246	2,476
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	531
Maintenance & Common Element (3)	23	141	266	429
Total FTE Jobs in Place at End of Period	16	41	66	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	597
Off-Site Employment (4)	306	724	759	1,789
Total FTE Jobs in Place at End of Period	37	130	149	149
TOTAL PERIODIC WORKER YEARS	1,530	3,622	3,794	8,946
TOTAL END-OF-PERIOD PERMANENT JOBCOUNT	186	649	746	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.

(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
Construction Wages (1)	2016 to 2020	2021 to 2025	2026 to 2030	
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 (including Ohana Units)	\$59,954,844	\$62,116,479	\$17,872,089	\$139,943,412
Total Periodic Construction Wages	\$81,262,563	\$99,820,218	\$19,935,542	\$201,018,323
On-Going Business Wages				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)	\$15,608,568	\$36,964,018	\$38,716,225	\$91,288,810
TOTAL PERIODIC WAGES	\$105,175,200	\$198,463,993	\$162,260,047	\$465,899,240

(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.

(2) 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				
Waikapu, Maui, Hawaii				
All Amounts Expressed in Constant 2015 Dollars				
	Development, Sales & Stabilization Period			
	2016 to 2020	2021 to 2025	2026 to 2030	Totals
Number of Units Occupied End-Of-Period	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%	
Ohana Units	0	73	146	
Single Family Homes Population - Full-Time Residents (1)	944	2,452	2,856	
Single Family Homes Population - Part-Time Residents (1)	34	88	126	
Multifamily Homes Population - Full-Time Residents (2)	758	846	846	
Multiamily Homes Population - Part-Time Residents (2)	41	46	37	
Ohana Units (All Full-Time Residents) (3)	0	110	219	
				Average Household Size
Total Full-Time Resident Population	1,702	3,408	3,921	2.87
Total Part-Time Resident Population	75	134	163	
Total De Facto Population	1,777	3,542	4,085	
				During Build-Out
RESIDENT HOUSEHOLD INCOME (4)				
Annually (at end of period)	\$66,133,060	\$135,643,367	\$156,629,499	
Periodic	\$99,199,590	\$504,441,068	\$730,682,164	\$1,334,322,822
			Stabilized	\$156,629,499
TOTAL DE FACTO POPULATION EXPENDITURES (5)				
Annually (at end of period)	\$35,256,311	\$67,821,684	\$78,314,749	
Periodic	\$52,884,467	\$257,694,986	\$365,341,082	\$675,920,535
			Stabilized	\$78,314,749
TOTAL "NEW" MAUI SPENDING BY PART-TIME RESIDENTS				
Annually (at end of period)	\$2,189,781	\$3,908,318	\$4,769,601	
Periodic	\$3,284,672	\$15,245,247	\$21,694,797	\$40,224,716
			Stabilized	\$4,769,601
(1) Average household size of 3.2 persons.				
(2) Average household size of 2.6 persons.				
(3) Average household size of 1.5 persons.				
(4) Single Family households at 175% of Maui household income average, multifamily households at 125% of Maui average. Ohana at 80% of Maui average.				
(5) For full-time residents assumes 15% of gross income for taxes, 30% for housing costs and 5% for utlilites. 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
<b><u>Commercial Businesses (1)</u></b>	\$38,159,325	\$292,554,825	\$419,752,575	<b>\$750,466,725</b>	<b>\$101,758,200</b>
Non-Project Resident Patronage %	55.00%	56.00%	58.00%	<b>56.33%</b>	<b>42.00%</b>
Outside Project Patronage Expenditures	\$17,171,696	\$128,724,123	\$176,296,082	<b>\$327,703,803</b>	<b>\$59,019,756</b>
"New" Maui Spending as % of Expenditures	13.0%	26.0%	39.0%	<b>26.0%</b>	<b>39.0%</b>
"New" Maui Spending as a Result of Project	<b>\$2,232,321</b>	<b>\$33,468,272</b>	<b>\$68,755,472</b>	<b>\$85,202,989</b>	<b>\$23,017,705</b>
New Spending as % of Total Sales	<b>5.9%</b>	<b>11.4%</b>	<b>16.4%</b>	<b>11.4%</b>	<b>22.6%</b>
<b><u>Maintenance &amp; Common Element (4)</u></b>	\$1,526,495	\$9,195,596	\$17,410,153	<b>\$28,132,244</b>	<b>\$4,303,486</b>
In-Project Resident Population Patronage %	100%	100%	100%	<b>100%</b>	<b>100%</b>
Outside Project Patronage Expenditures	\$0	\$0	\$0	<b>\$0</b>	<b>\$0</b>
<b><u>Total Economic Activity</u></b>					
"New" Maui Spending as a Result of Project	\$2,232,321	\$33,468,272	\$68,755,472	<b>\$104,456,064</b>	<b>\$23,017,705</b>
Maintenance & Common Element Expenditures	\$1,526,495	\$9,195,596	\$17,410,153	<b>\$28,132,244</b>	<b>\$4,303,486</b>
"New" Maui Spending by Part-Time Project Residents	\$3,284,672	\$15,245,247	\$21,694,797	<b>\$40,224,716</b>	<b>\$4,769,601</b>
<b>TOTAL PERIODIC "NEW MAUI" PROJECT GROSS REVENUES</b>	<b><u>\$7,043,487</u></b>	<b><u>\$57,909,115</u></b>	<b><u>\$107,860,422</u></b>	<b><u>\$172,813,024</u></b>	<b><u>\$32,090,792</u></b>

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

(4) Estimated at \$3,000 per residential unit per year (ohana units included in base property) and \$2 per square foot of total leaseable area per year.

Source: Hallstrom Group/CBRE



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	\$81,262,563	\$99,820,218	\$19,935,542	\$201,018,323	
Contractor Profits	\$26,003,379	\$32,901,868	\$5,525,209	\$64,430,455	
Supplier Profits	\$10,401,352	\$13,160,747	\$2,210,083	\$25,772,182	
Other Construction Costs	\$142,366,494	\$183,135,845	\$27,581,252	\$353,083,591	
Total Construction Impact	\$260,033,788	\$329,018,679	\$55,252,085	\$644,304,552	
Total "New Maui" Speding Project Impact	\$7,043,487	\$57,909,115	\$107,860,422	\$172,813,024	\$32,090,792
TOTAL BASE ECONOMIC IMPACT	\$267,077,275	\$386,927,794	\$163,112,507	\$817,117,576	\$32,090,792

Source: Hallstrom Group/CBRE

**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
<b><u>Construction Costs</u></b>	<b>\$260,033,788</b>	<b>\$329,018,679</b>	<b>\$55,252,085</b>	<b>\$644,304,552</b>
1. Economic Output Multiplier	2.12	2.12	2.12	2.12
<b>Total State Economic Output</b>	<b>\$551,271,631</b>	<b>\$697,519,599</b>	<b>\$117,134,421</b>	<b>\$1,365,925,650</b>
2. Earnings Multiplier	0.61	0.61	0.61	0.61
<b>Total Increase in State Earnings</b>	<b>\$158,620,611</b>	<b>\$200,701,394</b>	<b>\$33,703,772</b>	<b>\$393,025,777</b>
3. State Tax Multipliers	0.12	0.12	0.12	0.12
<b>Total Increase in State Taxes</b>	<b>\$31,204,055</b>	<b>\$39,482,241</b>	<b>\$6,630,250</b>	<b>\$77,316,546</b>
4. Total Job Multipliers	13.83	13.83	13.83	13.83
<b>Total State Jobs Created</b>	<b>3,596.3</b>	<b>4,550.3</b>	<b>764.1</b>	<b>8,910.7</b>
<b><u>Construction Employment</u></b>	<b>1,001</b>	<b>1,230</b>	<b>246</b>	<b>2,476</b>
5. Direct-Effect Job Multipliers	2.68	2.68	2.68	2.68
<b>Total Direct Jobs Created</b>	<b>2,682.6</b>	<b>3,295.3</b>	<b>658.1</b>	<b>6,636.0</b>
<b><u>Construction Wages</u></b>	<b>\$81,262,563</b>	<b>\$99,820,218</b>	<b>\$19,935,542</b>	<b>\$201,018,323</b>
6. Direct-Effect Earnings	2.02	2.02	2.02	2.02
<b>Total Increase in Direct Earnings</b>	<b>\$164,150,378</b>	<b>\$201,636,841</b>	<b>\$40,269,794</b>	<b>\$406,057,013</b>

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

**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
	2016 to 2020	2021 to 2025	2026 to 2030		Annually
<b><u>Operating Revenues</u></b>	<b>\$7,043,487</b>	<b>\$57,909,115</b>	<b>\$107,860,422</b>	<b>\$165,769,537</b>	<b>\$32,090,792</b>
1. Economic Output Multiplier	2.09	2.09	2.09	2.09	2.09
<b>Total State Economic Output</b>	<b>\$14,720,889</b>	<b>\$121,030,051</b>	<b>\$225,428,281</b>	<b>\$346,458,332</b>	<b>\$67,069,755</b>
2. Earnings Multiplier	0.66	0.66	0.66	0.66	0.66
<b>Total Increase in State Earnings</b>	<b>\$4,648,702</b>	<b>\$38,220,016</b>	<b>\$71,187,878</b>	<b>\$109,407,894</b>	<b>\$21,179,923</b>
3. State Tax Multipliers	0.16	0.16	0.16	0.16	0.16
<b>Total Increase in State Taxes</b>	<b>\$1,126,958</b>	<b>\$9,265,458</b>	<b>\$17,257,667</b>	<b>\$26,523,126</b>	<b>\$5,134,527</b>
4. Total Job Multipliers	19.00	19.00	19.00	19.00	19.00
<b>Total State Jobs Created</b>	<b>133.8</b>	<b>1,100.3</b>	<b>2,049.3</b>	<b>3,149.6</b>	<b>609.7</b>
<b><u>Operating Employment</u></b>	<b>223</b>	<b>1,668</b>	<b>2,790</b>	<b>4,681</b>	<b>597</b>
5. Direct-Effect Job Multipliers	2.05	2.05	2.05	2.05	2.05
<b>Total Direct Jobs Created</b>	<b>456.5</b>	<b>3,420.0</b>	<b>5,718.8</b>	<b>9,595.3</b>	<b>1,223.9</b>
<b><u>Operating Wages</u></b>	<b>\$105,175,200</b>	<b>\$198,463,993</b>	<b>\$162,260,047</b>	<b>\$465,899,240</b>	<b>\$27,096,572</b>
6. Direct-Effect Earnings	1.89	1.89	1.89	1.89	1.89
<b>Total Increase in Direct Earnings</b>	<b>\$198,781,128</b>	<b>\$375,096,947</b>	<b>\$306,671,489</b>	<b>\$880,549,564</b>	<b>\$51,212,521</b>

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

Addendum D

## **PUBLIC FISCAL BENEFITS ASSESSMENT TABLES**

PUBLIC COST AND BENEFITS ASSESSMENT ASSOCIATED WITH THE WAIKAPU COUNTY TOWN					
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
<b><u>PUBLIC BENEFITS (Revenues)</u></b>					
<b>1. COUNTY REAL PROPERTY TAXES</b>					
<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
Ohana Units (No Exemptions, No Land Value)	\$0	\$7,343,800	\$14,687,600		\$14,687,600
<b>Total Assessed Value</b>	<b>\$257,098,713</b>	<b>\$578,995,308</b>	<b>\$656,911,933</b>		<b>\$656,911,933</b>
 <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 and Rentals	\$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 and Rentals	\$320,988	\$358,421	\$358,421		\$358,421
Ohana Units (60% on homeowners properties, 40% on rental properties)	\$0	\$15,863	\$31,725		\$31,725
<b>Total Annual Property Taxes (End of Period)</b>	<b>\$1,218,330</b>	<b>\$2,760,151</b>	<b>\$3,132,785</b>		
<b>Total Real Property Taxes During Period</b>	<b>\$3,045,824</b>	<b>\$9,946,202</b>	<b>\$14,732,341</b>	<b>\$27,724,367</b>	<b>\$3,132,785</b>
INCLUDES ONLY THOSE TAXES WHICH ARE "NEW" TO MAUI AS RESULT OF THE PROJECT					
<b>2. STATE INCOME TAXES</b>					
Taxable Personal Income	\$105,175,200	\$198,463,993	\$162,260,047	\$465,899,240	<b>\$27,096,572</b>
Taxable Corporate Profits	\$37,461,253	\$54,748,982	\$23,914,355	\$116,124,591	<b>\$4,813,619</b>
Personal Taxes Paid	\$5,363,935	\$10,121,664	\$8,275,262	\$23,760,861	<b>\$1,381,925</b>
Corporate Taxes Paid	\$1,648,295	\$2,408,955	\$1,052,232	\$5,109,482	<b>\$211,799</b>
<b>TOTAL STATE INCOME TAXES</b>	<b>\$7,012,230</b>	<b>\$12,530,619</b>	<b>\$9,327,494</b>	<b>\$28,870,343</b>	<b>\$1,593,724</b>
 <b>3. STATE GROSS EXCISE TAX</b>					
Taxable Transactions					
Construction Contracts	\$260,033,788	\$329,018,679	\$55,252,085	\$644,304,552	
Worker Disposable Income Purchases	\$52,587,600	\$99,231,997	\$81,130,024	\$232,949,620	\$13,548,286
"New" Maui Spending Project Impact	\$7,043,487	\$57,909,115	\$107,860,422	\$172,813,024	\$32,090,792
<b>Total Taxable Transactions</b>	<b>\$319,664,875</b>	<b>\$486,159,791</b>	<b>\$244,242,530</b>	<b>\$1,050,067,196</b>	<b>\$45,639,078</b>
<b>TOTAL STATE EXCISE TAX</b>	<b>\$13,319,476</b>	<b>\$20,256,820</b>	<b>\$10,176,854</b>	<b>\$43,753,150</b>	<b>\$1,901,643</b>
INCLUDES ONLY THOSE REVENUES AND COSTS WHICH ARE "NEW" TO MAUI					
<b>TOTAL GROSS PUBLIC REVENUES</b>					
To County of Maui (Item #1)	\$3,045,824	\$9,946,202	\$14,732,341	\$27,724,367	\$3,132,785
Adjustment for Other Proportional Taxes	1.55	1.55	1.55	1.55	1.55
Adjusted Maui County Revenues	\$4,718,512	\$15,408,400	\$22,822,962	\$42,949,874	\$4,853,230
Plus Impact Fees (2)	\$5,000,000	\$0	\$0	\$5,000,000	
Total County of Maui Receipts	\$9,718,512	\$15,408,400	\$22,822,962	\$47,949,874	\$4,853,230
To State (Items #2 & #3)	\$20,331,707	\$32,787,439	\$19,504,348	\$72,623,493	\$3,495,368
Adjustment for Other Proportional Taxes (3)	1.25	1.25	1.25	1.25	1.25
Adjusted State Revenues	\$25,414,633	\$40,984,299	\$24,380,434	\$90,779,366	\$4,369,210
Plus Impact Fees (2)	\$4,600,028	\$0	\$0	\$4,600,028	
Total State of Hawaii Receipts	\$30,014,661	\$40,984,299	\$24,380,434	\$95,379,394	\$4,369,210
<b>AGGREGATE TAX REVENUES</b>	<b>\$34,733,174</b>	<b>\$56,392,698</b>	<b>\$47,203,396</b>	<b>\$138,329,268</b>	<b>\$9,222,440</b>
<b><u>PUBLIC COSTS (Expenses)</u></b>					
By County of Maui	\$711,956	\$1,982,654	\$2,821,422	\$5,516,032	\$620,290
By State of Hawaii	\$1,641,105	\$4,570,148	\$6,503,563	\$12,714,816	\$1,429,808
<b>TOTAL PUBLIC COSTS</b>	<b>\$2,353,061</b>	<b>\$6,552,802</b>	<b>\$9,324,986</b>	<b>\$18,230,849</b>	<b>\$2,050,098</b>
<b><u>TOTAL NET PUBLIC BENEFITS</u></b>					
To County of Maui	\$9,006,556	\$13,425,746	\$20,001,540	\$42,433,842	\$4,232,940
To State of Hawaii	\$28,373,556	\$36,414,151	\$17,876,871	\$82,664,578	\$2,939,401
<b>AGGREGATE NET BENEFITS</b>	<b>\$37,380,112</b>	<b>\$49,839,896</b>	<b>\$37,878,411</b>	<b>\$125,098,420</b>	<b>\$7,172,342</b>
(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.					
Source: The Hallstrom Group/CBRE					

PUBLIC BENEFITS ASSESSMENT ASSOCIATED WITH THE WAIKAPU COUNTY TOWN					
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		
<u>PUBLIC BENEFITS (Revenues)</u>					
1. COUNTY REAL PROPERTY TAXES					
Assessed Value					
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
Ohana Units (No Exemptions, No Land Value)	\$0	\$7,343,800	\$14,687,600		\$14,687,600
Total Assessed Value	\$257,098,713	\$578,995,308	\$656,911,933		\$656,911,933
Real Property Taxes					
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 and Rentals	\$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 and Rentals	\$320,988	\$358,421	\$358,421		\$358,421
Ohana Units (60% on homeowners properties, 40% on rental properties)	\$0	\$15,863	\$31,725		\$31,725
Total Annual Property Taxes (End of Period)	\$1,218,330	\$2,760,151	\$3,132,785		
Total Real Property Taxes During Period	\$3,045,824	\$9,946,202	\$14,732,341	\$27,724,367	\$3,132,785
INCLUDES ONLY THOSE TAXES WHICH ARE "NEW" TO MAUI AS RESULT OF THE PROJECT					
2. STATE INCOME TAXES					
Taxable Personal Income	\$105,175,200	\$198,463,993	\$162,260,047	\$465,899,240	\$27,096,572
Taxable Corporate Profits	\$37,461,253	\$54,748,982	\$23,914,355	\$116,124,591	\$4,813,619
Personal Taxes Paid	\$5,363,935	\$10,121,664	\$8,275,262	\$23,760,861	\$1,381,925
Corporate Taxes Paid	\$1,648,295	\$2,408,955	\$1,052,232	\$5,109,482	\$211,799
TOTAL STATE INCOME TAXES	\$7,012,230	\$12,530,619	\$9,327,494	\$28,870,343	\$1,593,724
3. STATE GROSS EXCISE TAX					
Taxable Transactions					
Construction Contracts	\$260,033,788	\$329,018,679	\$55,252,085	\$644,304,552	
Worker Disposable Income Purchases	\$52,587,600	\$99,231,997	\$81,130,024	\$232,949,620	\$13,548,286
"New" Maui Spending Project Impact	\$7,043,487	\$57,909,115	\$107,860,422	\$172,813,024	\$32,090,792
Total Taxable Transactions	\$319,664,875	\$486,159,791	\$244,242,530	\$1,050,067,196	\$45,639,078
TOTAL STATE EXCISE TAX	\$13,319,476	\$20,256,820	\$10,176,854	\$43,753,150	\$1,901,643
Source: The Hallstrom Group/CBRE					



PUBLIC COSTS AND CORRELATION ASSESSMENT ASSOCIATED WITH THE WAIKAPU COUNTY TOWN					
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		
	INCLUDES ONLY THOSE REVENUES AND COSTS WHICH ARE "NEW" TO MAUI				
TOTAL GROSS PUBLIC REVENUES					
To County of Maui (Real Property Tax)	\$3,045,824	\$9,946,202	\$14,732,341	\$27,724,367	\$3,132,785
Adjustment for Other Proportional Taxes (1)	1.55	1.55	1.55	1.55	1.55
Adjusted Maui County Revenues	\$4,718,512	\$15,408,400	\$22,822,962	\$42,949,874	\$4,853,230
Plus Impact Fees (2)	\$5,000,000	\$0	\$0	\$5,000,000	
Total County of Maui Receipts	\$9,718,512	\$15,408,400	\$22,822,962	\$47,949,874	\$4,853,230
To State (INCOME AND GET)	\$20,331,707	\$32,787,439	\$19,504,348	\$72,623,493	\$3,495,368
Adjustment for Other Proportional Taxes (3)	1.25	1.25	1.25	1.25	1.25
Adjusted State Revenues	\$25,414,633	\$40,984,299	\$24,380,434	\$90,779,366	\$4,369,210
Plus Impact Fees (2)	\$4,600,028	\$0	\$0	\$4,600,028	
Total State of Hawaii Receipts	\$30,014,661	\$40,984,299	\$24,380,434	\$95,379,394	\$4,369,210
AGGREGATE TAX REVENUES	\$34,733,174	\$56,392,698	\$47,203,396	\$138,329,268	\$9,222,440
PUBLIC COSTS (Expenses)					
By County of Maui	\$711,956	\$1,982,654	\$2,821,422	\$5,516,032	\$620,290
By State of Hawaii	\$1,641,105	\$4,570,148	\$6,503,563	\$12,714,816	\$1,429,808
TOTAL PUBLIC COSTS	\$2,353,061	\$6,552,802	\$9,324,986	\$18,230,849	\$2,050,098
TOTAL NET PUBLIC BENEFITS					
To County of Maui	\$9,006,556	\$13,425,746	\$20,001,540	\$42,433,842	\$4,232,940
To State of Hawaii	\$28,373,556	\$36,414,151	\$17,876,871	\$82,664,578	\$2,939,401
AGGREGATE NET BENEFITS	\$37,380,112	\$49,839,896	\$37,878,411	\$125,098,420	\$7,172,342
(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.					
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Source: The Hallstrom Group/CBRE					

Addendum E

## QUALIFICATIONS



## PROFESSIONAL QUALIFICATIONS OF THOMAS W. HOLLIDAY, CRE, FRICS

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### 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

### National Designation and Membership

- CRE Designation (2015) - The Counselors of Real Estate
- FRICS Designation (2016)-Royal Institution of Chartered Surveyors

### 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)

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### 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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