

MARKET STUDY, ECONOMIC IMPACT ANALYSIS, AND PUBLIC FISCAL ASSESSMENT OF THE PROPOSED PULELEHUA 1,200-UNIT APARTMENT PROJECT

Mauka of Honoapiilani Highway at Napili-Honokowai,
West Maui, Lahaina, Hawaii 96761
CBRE, Inc. File No. 17-251LA-3048-2

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CBRE



November 14, 2017

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**RE: Market Study, Economic Impact Analysis, and
Public Cost Benefit Assessment of the
Proposed Pulelehua 1,200-Unit Apartment Project
Mauka of Honoapiilani Highway to Napili-Honokowai,
West Maui, Lahaina, HI 96761
Tax Map Key (2) 4-3-1-82 (por) & 83 (por)**

Dear Mr. Cheng:

At your request, we have completed a series of market and econometric analyses associated with the proposed 1,200-unit apartment component of the proposed Pulelehua mater plan which encompasses some 304 acres stretching mauka from Honoapiilani Highway in the Napili-Honokowai area of West Maui adjacent to and makai of the Kapalua West Maui Airport (JHM).

As currently envisioned, the project will contain 960 "market-priced" and 240 "workforce" rental apartments, along with 70,000 square feet neighborhood-serving commercial/retail space. The apartments will be used for long-term, full-time residential use only (no transient rentals or non-resident tenancy) and the workforce units will be priced according to Maui County affordable rental guidelines. All basic entitlements are in place for 900 of the units with minor County approvals needed to redefine the final 300 units from "Ohana" to apartment. The project is within a larger master planned to hold which may (or may not) support additional future development.

The apartments, sited on some 60 acres, will be developed in a series of communities in the southwesterly portion of the larger holding together with retail (17.5 acres), parks (10.0 acres), school (13.1 acres) and open space/common areas (123.2 acres). The project will contain pathways, greenbelts, buffer spaces, and have a low-profile and low-density appearance.

Our studies analyzed the regional market for long-term residential rental apartments and the economic and fiscal impacts associated with its development in support of its revised-entitlement processes acknowledging eventual inclusion of this summary reporting document into supplementary Environmental Assessment/ Environmental Impact Statement and other land use petition submittals.

We note The Hallstrom Group, Inc. (prior to becoming affiliated with CBRE, Inc.) completed a similar series of studies in 2004-2005 for the "Pulelehua Community", then-owned by Maui Land & Pineapple, under a meaningfully different, larger and more complex master plan which included single family homes and light industrial/business uses. Though significantly evolved and revised, our models for this assignment are generally similar with the prior study albeit within a briefer summary document. While the Maui market and economy has moved through significant cycles since 2005, the demand for reasonably-priced rental units has continued to increase unabated with minimal additions to supply.

Our study was primarily comprised of three elements:

1. **Market Study.** We completed an overview of the Maui/West Maui economy and the regional residential market, focusing on the apartment sector serving resident households (workforce/affordable and market-priced), and forecast demographic and land use trends over the next 14 years as the project is developed and absorbed (2017 through 2030).

We have quantified the demand for long-term residential rental apartments, identified existing and proposed competing supply, determined the appropriateness of the property to support the proposed project; and estimated subject inventory absorption over time under prevailing market and affordable-pricing constraints.

The commercial/retail use and floor space is analyzed as a supporting component of the subject community within a "neighborhood" demand context and not on a region-wide basis.

2. **Economic Impact Analysis.** We analyzed the socio-economic impacts arising from the development of Pulelehua using a micro-econometric model depicting the project from ground-breaking through construction build-out, full absorption and "stabilization". The flow of direct capital investment, creation of jobs/wages during construction and stabilized operations/use, projection of resident population, household earnings and their on- and off-site expenditures, total Maui economic benefits, and other aspects of impact in the community were quantified. The results of our analysis are compared with the application of the Hawaii Inter-County Input-Output Study economic model multipliers to the project.

We also completed a Phase II secondary impact overview addressing the effect the proposed development would have on the property values of nearby holdings, whether it is compatible with surrounding uses, and other market-based issues typically raised by County agencies as part of a major land use re-classification.

3. **Public Fiscal (Cost/Benefit) Assessment.** We calculated the impacts project development and "operation" would have on the State and County purses by forecasting the tax revenues (primary and secondary) created by the development, its population and on-site economic activity. Specifically assessing, the additional real property taxes which would flow to the County and the Gross Excise and Income Taxes which would flow to the State.

The pertinent results from our studies are presented in the following brief report, which opens with an Executive Summary describing our salient conclusions. The remainder of the document is comprised of a series of minimal discussion and introduction of addenda exhibits containing the tabular presentation of our data, analysis, and modeling for each aspect of the assignment.

No units will be permitted to be used as short-term rentals (STRs) pursuant to Chapter 19.65, Maui County Code (MCC), sometimes also referred to as transient vacation rentals (TVRs). It is assumed the 300 Accessory Dwelling Units (ADUs) which were approved for the project, as described in Chapter 19.35 of the MCC, will be converted into additional apartments within the current master plan, raising the total unit count from 900 to 1,200 units.

The purpose of study was to provide current market data, subject product absorption estimates, economic and fiscal modeling, and an analysis of probable impacts on the Maui community resulting from the build-out of the proposed multifamily development in support of the on-going entitlement process of the Pulelehua community.

As part of our investigation and analysis we have:

- inspected the subject property and its environs;
- researched the West Maui residential real property market sector;
- completed a survey of the West Maui long-term residential rental sector;
- interviewed brokers and knowledgeable parties active in the regional economy and property development;
- reviewed federal, state and county materials, statistics, policies and publications;
- reviewed governmental land use designations, entitlements and policies in the region;
- identified existing and proposed competitive/comparable West Maui developments and their attributes;
- accessed on-line databases; and,
- compiled materials from published and private sources, and our files.

There were no extraordinary assumptions

All conclusions presented herein are subject to the identified limiting conditions, assumptions, and certification of CBRE/Hallstrom Team, in addition to any others specifically set forth in the text.

Paul Cheng
November 14, 2017
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We appreciate the opportunity to be of service to Maui Oceanview LP regarding this highly-needed, sustainable, workforce, rental housing project. Please contact us if further discussion or detail is required.

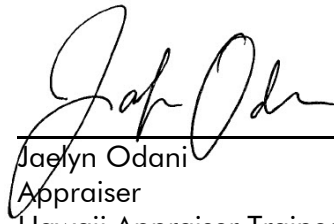
Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



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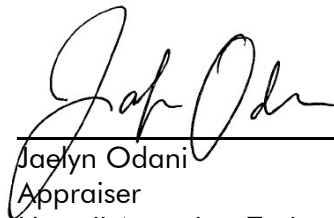
Certification

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our 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.
6. This assignment is not an appraisal nor is it intended to convey any form of valuation opinion regarding the subject property or its proposed development. Any monetary-based data/figures are for economic and public fiscal modeling only.
7. Tom Holliday has made a personal inspection of the property that is the subject of this report.
8. Jaelyn Odani and Benjamin Holliday provided significant assistance to the persons signing this report.
9. Tom Holliday as a member of The Hallstrom Group, Inc., and now CBRE/Hallstrom Team has completed studies and appraisals of the subject property, and provided consulting services, dating back to the 1990s.



Tom Holliday, CRE, FRICS
Director



Jaelyn Odani
Appraiser
Hawaii Appraiser Trainee #R160315010

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EXECUTIVE SUMMARY

INTRODUCTION

The Pulelehua master planning area is comprised of approximately 304 acres of currently vacant, undeveloped, feral lands extending inland from the Honoapiilani Highway in the Napili-Honokowai area of West Maui between Kaanapali and Kapalua Towns. Situated in the Kahana ahupua'a, adjacent to and makai of the Kapalua West Maui Airport (JHM), the site is located within the 20-mile long West Maui coastal corridor stretching from Ukumehame to Honolua Bay. The West Maui region has experienced significant development over the last few decades driven by visitor-oriented resort and urban investment and resident housing demands.

The irregular shaped holding stretches from the Honoapiilani Highway at about the 70-foot elevation level upslope approximately 0.5 miles to the 280-foot elevation of the westerly flank of West Maui Mountains. The property offers panoramic ocean and mountain views, has a desirable warm, arid climate, and is less than a quarter mile from the shoreline.

Development in the West Maui corridor has been focused along the shoreline (which is effectively built-out), anchored by Lahaina Town, and the Kaanapali and Kapalua destination resorts. There are several major proposed projects in the mauka areas of the corridor, most to the north of Lahaina.

The Pulelehua property is currently classified as:

- State Land Use (SLU) - "Urban District";
- Maui Island Plan – Within Urban Growth Boundary, Kaanapali Planned Growth Area, and Outside Special Protection Areas;
- West Maui Community Plan (WMCP) – "West Maui Project District 5"; and,
- County of Maui zoning - "West Maui Project District 5".

The Pulelehua site has been in the master planning process for several decades, originally by the Maui Land & Pineapple Company who envisioned a major moderate-density, mixed-use community with a wide variety of residential, commercial, light industrial/business and other use types. Some entitlements were achieved over the years, most notably in 2006-07, but it failed to achieve fruition due to general economic issues, costs of infrastructure, and other concerns. Multifamily residential rental apartment uses as proposed are permissible under the in-place zoning and no further major land use approvals will be required apart from the County permitting the 300 approved "Ohana" units within the project to be built as additional rental apartments.

The current maximum build-out design calls for:

- 1,200 long-term residential rental apartments.
- 960 of which will be rented at "market rate".
- 240 of which will be "workforce" apartment units with rents calculated as being "affordable" to resident households with incomes ranging from 60 percent (or less) of the Maui median household income up to those with incomes up to 140 percent of median.

- 70,000-square-feet of neighborhood-oriented commercial/retail floor area.
- 13.1-acre elementary school.
- 10-acres of park area.
- 123.2 acres of common areas/open space.
- Community wide exclusive portable water system and a state of the art water treatment system.
- No units will be permitted to be used as short-term rental homes (STRHs) pursuant to Chapter 19.65, Maui County Code (MCC), sometimes also referred to as transient vacation rentals (TVRs).

The favorable characteristics of the site include mauka and makai views, proximity to the shoreline, desirable climate, location in an established high-demand market area, easy access onto a major regional thoroughfare (Honoapiilani Highway), and is nearby shopping and dining opportunities in Kapalua, Kahana, Kaanapali and Lahaina.

Assuming sufficient market demand, Pulelehua will transform a vacant acreage holding having limited agricultural use potentials and nominal current regional economic benefit, into an asset providing needed rental housing (particularly at workforce/affordable rents), producing hundreds of "worker years" of construction, retail and community association employment and wages, attracting significant new capital investment, and stimulating regional business activity through the spending of the project resident households. This activity will in turn create employment and business opportunities for Maui residents and an expanded tax base for the state and county.

The CBRE/Hallstrom Team assignment was to analyze the proposed Pulelehua project from a real estate market perspective and to identify and quantify probable market and economic impacts associated with the development considering competitive, regional, prevailing and forecast trends to answer four basic study questions:

1. Is there sufficient demand to absorb the 1,200 rental apartments of the subject project during a reasonable exposure period given competing developments and projected statewide/regional market and economic trends?
2. Will the subject be an appropriate use of the underlying site relative to market needs, standard land planning objectives, accepted design characteristics, and the area environs?
3. What will be the general/specific and direct/indirect economic impacts on Maui resulting from the undertaking of the subject development via employment, wages, business operations, population, property values and other economic activity related to the real property asset?
4. What will be the net, new effect on the state and county "public purse" from the project in the form of increased tax/fee receipts?

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, published public and private documents, and our files.

The pertinent results of our study are highlighted in the following summary report which contains minimal narrative, focusing on tabular data and other materials contributing to our conclusions. The presentation is divided into six sections:

1. **Primary Study Conclusions**
2. **The Subject Property and Proposed Project**
3. **Market Study of the West Maui Corridor Residential Market**
4. **Appropriateness of the Subject for Residential Use and Absorption Estimates**
5. **Analysis of the Economic Impacts of the Proposed Development**
6. **Assessment of the Net, New Public Fiscal Benefits Associated with the Project**

The primary source information regarding the subject used in our study were:

- Maps, master plans, unit counts, density estimates, infrastructure and vertical cost estimates, and background materials provided by Maui Oceanview LP, PWS Architects Inc., and other members of the planning team;
- Resident population and housing projections, proposed development and other maps, community plan materials, and other data from the County of Maui Planning Department and State of Hawaii Office of Planning;
- The United States 2010 Census and subsequent (2011-2015) interim updates;
- Sales and listing data from the Maui Island Board of Realtors and Hawaii Information Service; and,
- Data from published and on-line sources and from our files.

The Pulelehua site and environs have been viewed by our firm on many occasions and specifically for this assignment on October 25, 2017.

We note that the locational terms "Lahaina District", "West Maui" and the "Ukemehame-Kapalua Corridor" are used interchangeably throughout the report.

Our *Market Study* time-frame which serves as a basis for subject absorption projections extends approximately 13+ years from mid-2017 through 2030, as it is anticipated all the Pulelehua rental apartments will be built and absorbed by then. General demand for resident housing in West Maui is quantified during this period, existing, planned competitive supply is identified, the appropriateness of the site for the proposed project is analyzed, and absorption is estimated using several market-based methods.

Our *Economic Impact Analysis* and *Public Fiscal Assessment* study forecast period extends over nearly 12 years from 2018 through mid-2029, with the project taking nearly eleven years to be completed and absorbed (2019 through mid-2029), commencing with initial site work and infrastructure emplacement in 2019, through construction and leasing of the last units in 2029. This time frame effectively depicts the life-span of the project from ground-breaking, through build-out, and its eventual functional "stabilization". Primary and direct secondary capital/economic outcomes from the development of Pulelehua are quantified in periodic segments (from 2017-2020, 2021-2025 and 2026-2030), the resident population in the

community is estimated, and the resultant new taxes flowing to the County and State are estimated.

We have also tested our econometric model outcomes against the 2012 Hawaii Inter-County Input-Output Study (approved August 2016) multipliers and formulae.

It is noted, the model is not specifically time-sensitive as it is expressed in constant 2017 dollars and should the project timeline move several years in either direction from our estimate we would not anticipate major changes to our stated conclusions.

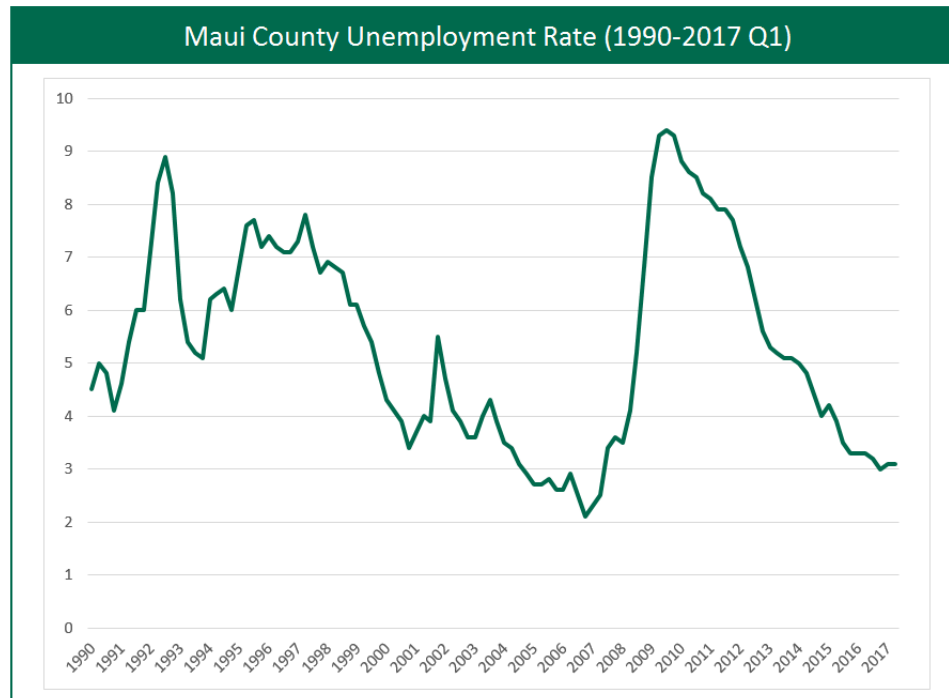
PRIMARY STUDY CONCLUSIONS

Based on our analysis of the subject property, its environs, and envisioned development we have reached the following conclusions as of the Third Quarter of 2017 regarding the probable market standing and economic impacts of the proposed Pulelehua Project.

We note all the larger tables which have been excerpted into the text are presented full-size in the addenda for easier reading.

Market Study

- The State of 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 gradually and consistently strengthening property sectors. Sales activity, volume, and prices have all shown meaningful recovery throughout Maui and in the West Maui Corridor; in many cases showing near to full recovery to the levels achieved during the 2004-07 peak market years. Expectations are for continuing economic expansion within the current up-cycle during 2017-18 (and into the mid-term) resulting in increasing demand for real estate inventory and continuing barriers to increased new development.
- Among the favorable economic indicators and trends on Maui the unemployment rate has dropped to a current level of about 3.0 percent (approaching effective full employment) from a high of 9.1 percent during the depths of the recession; median household income has grown at a rate approaching two percent compounded annually since 2012; there has been major positive absorption of retail and industrial space since the beginning of 2016; increasing velocity of commercial space development; and, tourism is continually achieving all-time records year-after-year with total visitor days and spending growing at compounded annual rates above five percent and nine percent respectively since 2009.



- The Maui residential real estate market has also shown post-recession recovery and growth. Island-wide the single family residential, condominium and vacant lot sectors are experiencing the highest level of sales activity since 2004-07 (totaling more than 2,500 transactions combined in 2016), and median prices on Maui are at their highest since 2007-08, with average prices during the first three quarters of 2017 for single family homes reaching \$700,000 and condominium units at \$449,000, up more than 9% and 4% respectively from year-end 2016. West Maui has shown similar trending. General indicators point to up-cycle conditions with increasing demand, sales velocity, and prices in the context of limited supply additions.
- West Maui is one of the two centers of the island's tourism industry, and along with South Maui, has evolved into a primary region for economic activity and employment; attracting significant development and capital investment over the past four-plus decades. This trend is anticipated to continue over the long-term, increasing in cumulative attraction as the economy further strengthens. An expanding, increasingly diversified market; highly desirable climate; an emergence of critical mass; and, the availability of well-located development lands, undergird the favorable outlook.
- The University of Hawaii Economic Research Organization (UHERO) *Forecast Project County Forecast* (May 2017) forecasts slowing but continuing annual percentile growth over the next two years for Maui County for five of the six projected factors (with on-going instability in Japanese visitor arrivals, a minor component of Maui tourism). The UHERO Maui forecasts are shown below.

COUNTY MAJOR ECONOMIC INDICATORS YEAR-OVER-YEAR % CHANGE						
	2014	2015	2016	2017	2018	2019
MAUI						
Visitor Arrivals	2.3	5.0	4.1	2.2	1.3	0.7
U.S. Visitor Arrivals	2.2	7.0	5.4	2.8	1.1	0.5
Japan Visitor Arrivals	-24.8	0.4	-9.7	-1.8	-1.9	-0.1
Other Visitor Arrivals	6.7	-0.7	1.2	0.8	2.4	1.6
Payroll Jobs	2.2	2.6	1.7	1.3	0.9	0.9
Real Personal Income	4.3	5.0	3.2	2.0	1.8	1.7

- Though not issued on a County-basis, the most recent State of Hawaii Department of Business, Economic Development & Tourism (DBEDT) *Quarterly Outlook for the Economy* (3rd Quarter 2017) statewide forecasts show continuing gains in all 12 categories through 2020. The projections are more optimistic than their prior forecasts, and have been gaining upward momentum for the past several years.

ACTUAL AND FORECAST OF KEY ECONOMIC INDICATORS FOR HAWAII: 2015 TO 2020						
Economic Indicators	2015	2016	2017	2018	2019	2020
	Actual		Forecast			
Total population (thousands)	1,425	1,429	1,436	1,447	1,459	1,470
Visitor arrivals (thousands) ¹	8,680	8,941	9,231	9,359	9,496	9,636
Visitor days (thousands) ¹	78,620	80,383	83,127	84,114	85,386	86,682
Visitor expenditures (million dollars) ¹	15,111	15,748	16,778	17,139	17,751	18,384
Honolulu CPI-U (1982-84=100)	260.2	265.3	271.9	278.2	284.6	291.1
Personal income (million dollars)	69,129	72,100	74,623	77,160	79,707	82,337
Real personal income (millions of 2009\$) ²	53,212	54,382	55,307	56,136	56,922	57,719
Non-agricultural wage & salary jobs (thousands)	638.6	647.6	654.1	660.0	666.6	671.9
Civilian unemployment rate ³	3.6	3.0	2.9	3.1	3.2	3.4
Gross domestic product (million dollars)	80,599	83,917	86,570	89,427	92,289	95,242
Real gross domestic product (millions of 2009\$)	71,714	73,252	74,305	75,419	76,475	77,469
Gross domestic product deflator (2009=100)	112.4	114.6	116.5	118.6	120.7	122.9

- We conclude the Maui economy continues in its recovery, regaining virtually all "lost" ground during the recession, is at or approaching peak indicator levels, and the overall near to mid-term outlook is favorable.
- There were some 25,530 residents in the West Maui (Lahaina District) as of the mid-2017, and projections of the resident population by 2030 (our market study time-frame) based on County and State forecasts range from circa 30,831 to 36,058, as shown below:

Scenario	1st QTR 2017	Projected West Maui Resident Population		
		2020	2025	2030
One: Minimum Based on Maui County General Plan 2030 Projection Series Percentile Periodic Growth				
Resident Population	25,530	26,857	28,851	30,831
Average Annual Change		1.6%	1.5%	1.4%
Two: Maximum Based on Maui County General Plan 2030 Projection Series Absolute Growth to 2030 Figures				
Resident Population	25,530	27,956	31,693	36,058
Average Annual Change		2.6%	2.6%	2.6%

- There are an estimated 13,625 single and multifamily housing units in West Maui of which some 4,740 (or 34.8 percent) are used for vacation rentals. It is anticipated this percentage of total units will generally decline over the long-term as more residential-oriented units are constructed in the expanding communities, the existing resorts are built-out, and the County further limits short-term rental homes (STRHs)/transient vacation units (TVUs) outside the designated resort areas.
- Of the 8,885 housing units available for standard non-vacation residential use in the Lahaina District, approximately 20 percent are owned by non-residents as second/vacation homes. This buyer demographic has grown over the past two decades and is now represented in virtually every market-priced project; particularly new development. The percentage of this segment is anticipated to increase to between 26 percent and 30 percent by 2030.
- The current average West Maui resident household size is about 2.85 persons and is forecast to decline in coming decades due to evolving family/household trends and an increasingly diverse mix of unit types within new developments. By 2030, the average household size in the study area is anticipated to lower to between 2.71 persons to 2.74 persons.
- The median prices for residential product in the Lahaina District, which includes many smaller, older houses in addition to upscale resort-residential inventory, during 2016 was at \$760,000 for single family homes, \$485,573 for condominium units and at \$999,500 for vacant land transactions. All indicators showed meaningful appreciation during 2016 and have increased by 43 percent to 55 percent since prices reached a recessionary nadir in 2010-11. 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. The table below summarizes median prices for selected West Maui communities for the first nine-months of 2017.

**Median Housing Prices and Rents in Selected West Maui Communities
(Through September 2017)**

	Lahaina	Napili-Honokowai	Kaanapali
Single Family Median Price	\$1,334,500	\$1,700,000	\$847,500
Multi-Family Average Price	\$482,500	\$922,000	\$425,000
Median Rent (Year-End 2015)	\$1,245	\$1,434	\$2,344

- We estimate the demand for new residential (non-TVRR) units in the West Maui region through 2030 will total between 5,728 and 8,941 units, with a mid-point of 7,335. Single family homes and lots will comprise about 64 percent of the total area demand and multifamily/apartment units the remaining 36 percent; which is as much a function of inventory proposed to be built as market preference.
- We estimate approximately 49.8 percent of the demand for finished resident housing units (single and multifamily) in South Maui over the next 13-plus years will be for units priced to be sold or leased to households having an income at less than 140 percent of median Maui standards; or within the range meeting County workforce/affordability criteria. The remaining 50.2 percent of demand will be for units priced at “market” levels, affordable to households with incomes above the 140 percent of median Maui threshold. In 2017, the median household income for a family of four on Maui (outside of Hana) is \$81,500.
- There are nine major apartment complexes remaining in West Maui serving households with incomes from 80 percent of the Maui median to market levels comprising some 1,086 total units ranging in size from 308 square foot (living area) studios to 1,357 square foot 3 bedroom units. 99 percent are currently occupied at monthly rents ranging from \$1,195 (studio) to \$3,500 (3B). Numerous other projects that were originally built to be rental apartments have been converted to for sale condominium units or are now used as Transient Vacation Rentals (TVRRs). Each project has a wait list for households interested in tenancy and all management confirmed available apartment are “always” re-leased upon vacant.
- Additionally, there are 576 units in 6 low income designated (LIHTC) projects with rents set at prices affordable to households earning 60 percent of less of the Maui median; all are currently occupied with long-wait lists. Together, dedicated apartment complexes comprise 1,662 rental units or some 22.4 percent of the Lahaina District resident housing inventory.
- Our survey of the West Maui residential rental market from late September through early November 2017 identified 48 units of various type offered for long-term rent, with asking rents ranging from \$1,272 to \$5,373 per month, averaging \$3,391; with about half including some/all utilities and half no utilities. Virtually all units listed for rents were successfully leased in the month of their offering, particularly those priced at \$3,000 per month or less, and according to apartment complex managers and rental agents demand for residential rentals in West Maui is very high (and increasing) and far outstrips available supply. The results of our survey are summarized in the following table. We note that there is some overlap in rents between affordable and market levels when moving above the 120 percent median household income level.

Unit Type	Number of Units
Apartment	14
Condo	15
House	19
Grand Total	48
Unit Type	Average Rent
Apartment	\$2,750.07
Condo	\$3,722.13
House	\$4,055.16
Grand Total	\$3,570.44
Beds	Average (Rent)
Studio	\$1,272.50
1	\$2,403.57
2	\$2,939.07
3	\$3,746.18
4	\$5,373.33
Grand Total	\$3,391.09

- Excluding Pulelehua, there are 7,566 total proposed residential units in existing and planned West Maui projects according to the County Planning Department; with some 62 percent of the inventory being single family and 38 percent multifamily/apartment. However, with many of the projects are "on-hold", require additional entitlements (only 2,066 are considered approved), lack access to sufficient supporting infrastructure, and/or the ownerships are under financial duress. Further, some 2,560 (34 percent) of the total proposed units in the region will be in the Kaanapali and Kapalua Resorts and could potentially be TVRs or short-term rentals which will not contribute to the West Maui residential housing supply. We consider it unlikely that a significant portion of the proposed units will be manifest by 2030, with only 60 to 80 percent of the fully and partially-entitled units having a reasonable chance of being built over the projection period.
- The subject property is a competitive location for the proposed Pulelehua development regarding access, views, topography, shape, size, proximity to commercial and support facilities, lack of incompatible nearby uses, County planning guidelines and objectives, climate, and ability to provide quality lifestyle opportunities for resident Maui households. It will have the attributes necessary to be competitive in the workforce housing rental and market-priced rental unit sectors, and will capture a reasonable market share during its offering period.
- Based on application of the Gross Demand, Residual Demand and Market Share (or Capture Rate) methods and their correlation we estimate the 1,200 proposed apartments of Pulelehua will require about 10.5 years to be fully absorbed following commencement of pre-sales (tentatively anticipated for 2019), with full absorption by the mid-2029. It is anticipated the 240 workforce (affordably-priced) rental apartments will be absorbed via a lottery/waiting list as quickly as they are offered to the market and the 960 for market-priced units would be quickly leased-up as they are completed.
- Cumulatively, this absorption estimate represents only about 16 percent of total regional residential demand during their offering period and 58 percent of the multifamily/apartment sector; which we consider to be moderate and readily achievable

shares of the larger West Maui market which could be enlarged if some proposed projects fail to reach fruition. Our concluded absorption forecasts for the Pulelehua inventory are shown below along with the commercial component of the project.

PROJECTED BUILD-OUT AND ABSORPTION OF PULELEHUA APARTMENT PROJECT									
Residential Component									
Year		Phase Being Constructed	Units Completed	Workforce Rentals		Market Rentals		Total Inventory	
Estimated Calendar	Project			Annually	Cumulative	Annually	Cumulative	Annually	Cumulative
2018-19	1 & 2	Phase I	Final approvals/entitlements achieved in 2018, initial grading/site work and infrastructure emplacement commences and is completed by early-2019. Phase I vertical construction begins in mid-2019 with unit reservations/lottery beginning commensurately. First product completed and available for occupancy in 2020.						
2020	3	Phase I	120	40	40	110	110	150	150
2021	4	Phase I/II	150	25	65	95	205	120	270
2022	5	Phase II	120	25	90	95	300	120	390
2023	6	Phase II/III	120	25	115	95	395	120	510
2024	7	Phase III	120	25	140	95	490	120	630
2025	8	Phase III/IV	120	25	165	95	585	120	750
2026	9	Phase IV	120	25	190	95	680	120	870
2027	10	Phase IV/V	120	25	215	95	775	120	990
2028	11	Phase V	120	25	240	95	870	120	1,110
2029	12	Phase V	90		240	90	960	90	1,200
Total			1,200		240		960		1,200

Commercial Component			
Neighborhood or Phase	Gross Leaseable Area in Square Feet	Year Built	Years to Absorb
Kahanaiki/Phase I	50,000	2020	2
Central/Phase II	20,000	2022	1
Total	70,000		3

Source: CBRE/Hallstrom Team

Economic Impact Analysis

We have constructed a model depicting the economic impact of the Pulelehua project on the Maui and Statewide community during its "lifespan" from anticipated ground-breaking in 2019, through build-out and absorption in 2029, and stabilized "operations" (commercial/retail businesses, common element management and maintenance) thereafter. The entire model runs from 2018 to 2030.

The model builds on the absorption estimates and data contained in our market study. All estimated amounts are in constant 2017 dollars. We note, that even if the timing of development or absorption moves substantially from our projections it does not change the resultant outcomes or indicators as the use of constant dollars removes time as a determinant variable. The purpose of the model is to illustrate how capital, jobs, wages, population and business activity will flow over time for planning and budgeting purposes apart from and present value considerations.

- The development of the Pulelehua project will bring in an estimated \$310 million of new, direct capital investment with significant unquantified indirect expenditures into the island's real estate market and generate \$1.0 billion in total economic activity islandwide during its build-out and stabilization over a 13-year period (forecast from circa 2018 to 2030). It will contribute some \$85.8 million in annual economic activity on a stabilized basis thereafter.
- The construction of the Pulelehua infrastructure and finished apartment units, will directly create an estimated 1,445 "worker-years" of employment (the equivalent of 52 work weeks at 40 hours per week) in the construction trades, support and supply businesses during build-out, averaging about 120 worker years annually, with an estimated \$104.7 million in wages (averaging about \$8.7 million per year).
- The commercial/retail business, apartment rental company, and community management and landscape/maintenance of the 70,000 square feet of commercial space and 1,200 apartment units will create 1,903 worker-years of employment from 2020 through 2030 and associated wages of \$65.1 million. Once stabilized these project components will create demand for 231 permanent FTE positions with annual wages of \$7.9 million.
- Associated secondary/off-site employment during the overall development and absorption time-frame will total 1,116 worker-years with wages of \$60.3 million and a stabilized FTE job-count of 77 with total wages of \$4.2 million per year.
- During build-out the 1,200 households containing 3,060 residents at Pulelehua will have aggregate incomes of \$400.4 million (2020-2030) and will stabilize at \$96.4 million annually thereafter. Discretionary expenditures into Maui businesses by the Pulelehua population will be some \$200.2 million during build-out and average \$48.2 million per year on a stabilized basis. We note this will not necessarily be new income and spending for Maui as the households would merely be located elsewhere on the island if Pulelehua wasn't constructed.
- The on-going commercial/retail, apartment rental, and management and maintenance activity in the community will total \$716.0 million during the 2020-2030 projection period and average \$85.8 million per year on a stabilized basis. The base impact to the Maui from 2018 through 2030 will be \$1.0 billion and average \$85.8 million annually thereafter.
- Application of the Hawaii Inter-County Input-Output Model macro multipliers depicting direct, indirect and induced economic impacts arising from development of Pulelehua result in significantly higher economic out-flow indicators for every item than those from our direct, subject-specific micro model.

Secondary Impacts

Pulelehua will have nominal to minor impacts on the socio-economic aspects of the surrounding community that relate to real estate issues.

- The project site is adjacent to the airport zone and vacant lands to mauka and southerly, existing low density residential development to the northwest, and suburban residential and visitor development makai across Honoapiilani Highway; none of which will be impacted by the subject except in a positive manner by increasing potential patronage of business along Lower Honoapiilani Road.

- Property values throughout West Maui are largely driven by external, cyclical economic factors within an existing (and expanding) cumulative mass, not any single new project. Pulelehua will not in itself drive regional market values or real property assessments of nearby real estate.
- It is not expected there will be in-migration to Maui as a direct result of the project. It is intended solely to provide housing opportunities for families and individuals who are already part of the existing island population base.

Public Fiscal Benefits

Public fiscal (or cost/benefit) impacts are typically estimated on a per capita basis founded on a conservative assumption that each new person added to the Maui community is "responsible for" a similar tax cost/obligation as every other person on the island.

Our analytical focus is on "new" or additional fiscal benefits (incoming tax dollars) to the State and County arising from the development of Pulelehua not those monies/costs which are merely flowing from elsewhere on the island.

The 3,060 full-time residents within the subject project are assumed to be the product of "natural growth" of existing Maui households or relocating from elsewhere on the island. As such, their government fiscal impacts (tax revenues and services costs) are already in-place and factored into existing County and State budgets.

Their household income and spending and the tax dollars they create are already being earned, spent and taxed. While their public costs, such as schools, parks, emergency and social services and capital expenditures are already being expensed in governmental budgets. Neither their taxes-generated or government-costs are "new" or additions to Maui and the State, they are assumed to already be flowing through the Maui economy and government coffers and would continue to do so at the same level regardless of the development of Pulelehua.

The "new" tax benefits flowing from Pulelehua include Real Property Taxes to Maui County, and General Excise Taxes and Income Taxes to the State from the commercial/retail businesses, the apartment rental operation, and community association management and maintenance (and their employees).

- The County of Maui will realize Real Property Taxes (\$11.9 million), traffic impact fees (\$6 million), and other secondary receipts and development fee totaling \$39.7 million during the 13-year building and initial residency projection period (2018-2030), and \$5.6 million annually on a stabilized basis thereafter.
- The State of Hawaii will receive Gross Excise and Income taxes, secondary revenues, and school impact fees of \$82.1 million during the 2018-2030 modeling period, and \$3.2 million per year thereafter.
- There will be no "new" or additional per capita costs to either the State or County resulting from the development of Pulelehua, making their added revenues all marginal profits.
- 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 construction and build-out period (2018-2030) covering infrastructure

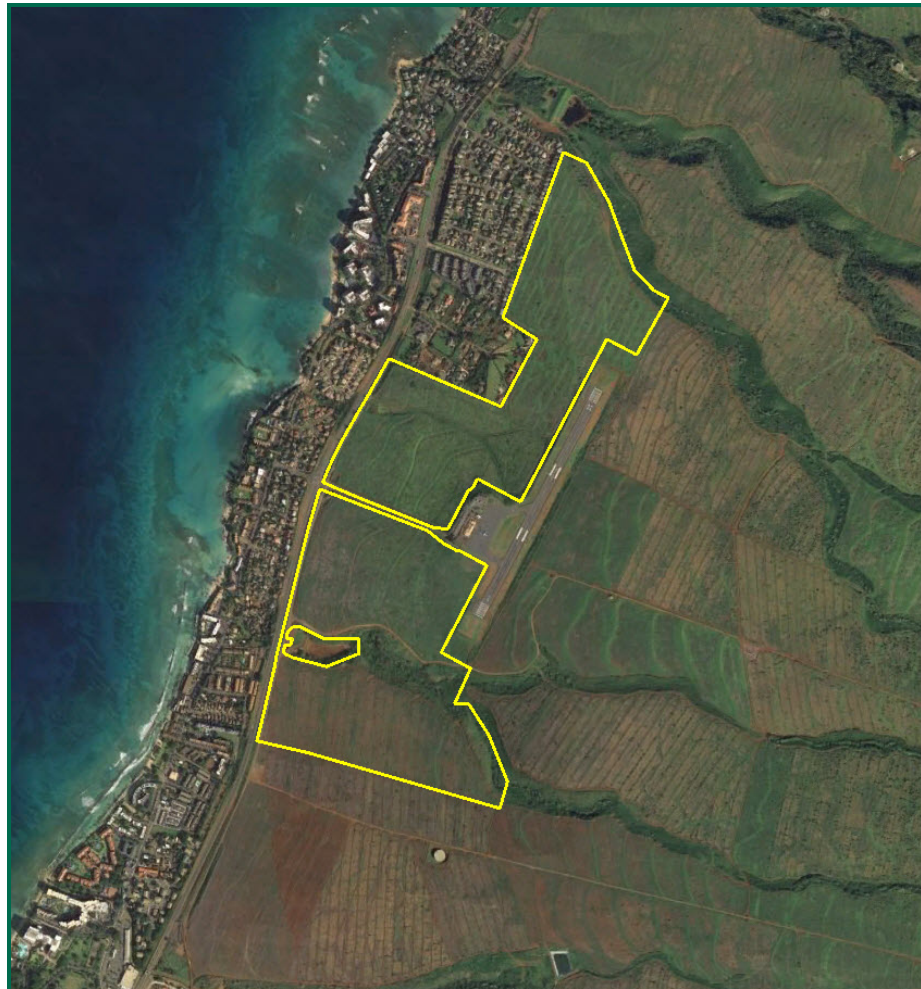
emplacement, unit construction and ramp-up to stabilization, and the right-hand column the annual impacts after full-absorption/stabilization.

SUMMARY COMPARISON OF MAJOR ECONOMIC IMPACTS AND PUBLIC FISCAL COSTS/BENEFITS All Amounts Expressed in Constant, Uninflated 2017 Dollars		
Model Item	Cumulative During Build-Out Period	Stabilized Annually Thereafter
Direct Capital Investment	\$310,000,000	
Local Contractor's Profits	\$31,000,000	
Local Supplier's Profits	\$12,400,000	
Worker Years of Jobs	4,464	308
Employee Wages	\$230,203,901	\$12,109,760
Resident Population		3,060
Resident Household Income		\$96,380,323
Resident Discretionary Expenditures		\$48,190,162
Total Operating/Business Activity Gross Receipts	\$716,032,200	\$85,752,000
Outside Patronage Expenditures	\$96,065,625	\$6,825,000
Total Maui "Base" Economic Impact	\$1,026,032,200	\$85,752,000
INCLUDES ONLY THOSE TAXES WHICH ARE "NEW" TO MAUI		
County of Maui Gross Tax Receipts	\$39,688,467	\$5,554,472
State of Hawaii Gross Tax Receipts	\$82,141,963	\$3,225,287
Source: CBRE/Hallstrom Team		

The Subject Property and Proposed Project

LOCATION AND MASTER PLAN

The irregular shaped 304-acre Pulelehua property is generally surrounded by vacant land to the south and mauka (apart from the West Maui Airport), with two single family subdivisions and vacant land northerly, and Honoapiilani and suburban development to makai, as shown in the aerial below.



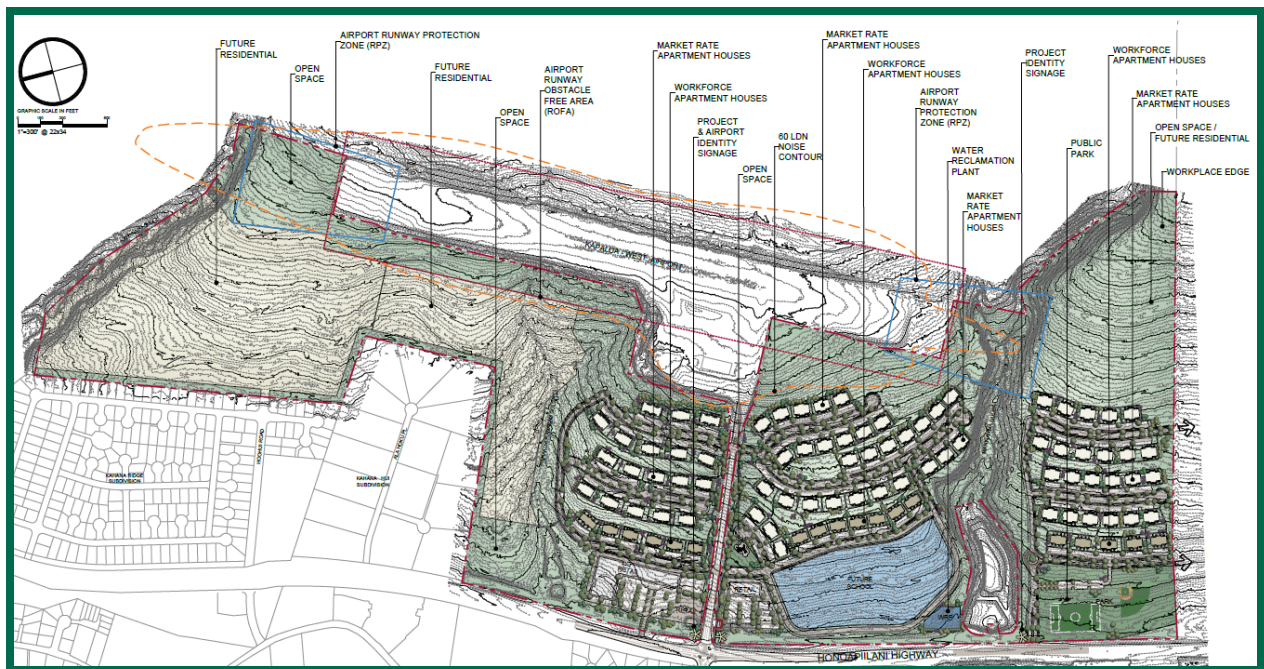
The closest existing developments are the Kahananui and Kahana Ridge residential subdivisions situated adjacent to the property on the mauka side of Honoapiilani Highway, and residential and resort development makai of Honoapiilani Highway.

Situated on the western slope of the West Maui Mountains, the site has a moderately-sloping, generally consistent topography, stretching from about the 70-foot elevation level upslope approximately 0.5 miles to the 280-foot elevation. The property offers panoramic ocean and mountain views, has a desirable warm, arid climate, and is less than a quarter mile from the shoreline.

The climate in the area is highly desirable; dry, warm, and subject to lesser intensity trade winds. It has direct access onto the region's main thoroughfare (Honoapiilani Highway), and proximity to the commercial and employment centers of Kapalua, Kaanapali and Lahaina.

The property is located about 30 miles from the Kahului Airport and is proximate to shops, beaches, and visitor-oriented uses. There are many operating businesses in the near-vicinity providing employment opportunities. Honoapiilani Highway allows direct high-speed access into Central and South Maui.

The current master plan for Pulelehua, which contains only 900 apartment units (the remaining 300 units are pending county approval from "Ohana" designation to "apartment"), is shown below. Transient Vacation Units (TVRs) use will not be permitted in the project.



The project is summarized as follows:

Land Use Acreage Summary	
Akahele Drive Right of Way Dedication	1.5
Local and Collector Rights of Way	22.8
Water Reclamation Plant	0.8
School	13.1
Retail	17.5
Apartment House Lots	44.3
Future Residential	71.0
Parks	10.0
Common Areas / Open Spaces	123.2
Gross Acreage	304.3
Residential Unit Summary	
Market Rate Apartment Units	720
Workforce Apartment Units	178
Single Family Units	2
Total	900
Retail Floor Area	± 70,000 sf

BUILDING AND UNIT TYPES

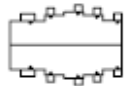





The buildings will be of multi-plex design, single-story wooden structures with gabled roofs, and exterior patio elements, as shown on the renderings below.



The 240-units in Phase I are preliminarily proposed as shown below.

PROPOSED 240 APARTMENT UNITS IN PULELEHUA PHASE I			
Tenancy	Unit Type	Average Living Area Size in Square Feet	Number of Units in Phase
Workforce	Studio	414	14
	1 Bedroom	504	16
	1 Bedroom + Den	558	16
	2 Bedroom	752	14
	Total		60
Market-Priced	1 Bedroom	575	30
	1 Bedroom + Den	619	90
	2 Bedroom	752	60
	Total		180

Further description of building types, sizes and lay-outs for the Phase I units were provided by the architect as shown. It is assumed the remaining phases will be similar in scope, scale and building/unit mix and types.

BUILDING TYPES	WORKFORCE	UNIT TYPES
	BLDG A APPROX. 5,483 SF 3 BUILDINGS	WORKFORCE - 60 Units UNIT A1a Studio 414 SF 14 Units UNIT A1 1 BDR 504 SF 16 Units UNIT A2 1BDR/Den 558 SF 16 Units UNIT B1 2 BDR 752 SF 14 Units
	BLDG B APPROX. 5,571 SF 2 BUILDINGS	
	BLDG C APPROX. 5,777 SF 1 BUILDING	
MARKET RATE		
	BLDG D APPROX. 6,374 SF 12 BUILDINGS	MARKET RATE - 180 Units UNIT A1 1BDR 575 SF 30 Units UNIT A1.1 1 BDR 575 SF 24 Units UNIT A2 1BDR/Den 619 SF 90 Units UNIT B1 2 BDR 752 SF 60 Units
	BLDG E APPROX. 6,538 SF 3 BUILDINGS	
	BLDG F APPROX. 7,258 SF 3 BUILDINGS	
PHASE 1 - Building Data 17.10.02		
<h1>Pulelehua</h1> <p>Mahinahina & Kahana, Lahaina Island of Maui, Hawai'i</p> <h2>PWS</h2> <p>Architects, Inc.</p>		

The project will conform to Maui County Workforce Housing obligations (MCC 2.96) with the equivalent of 25 percent of the market-priced housing units being additionally built and offered

at “affordable” rents established by the County and the US Department of Housing and Urban Development (HUD). The rents for the designated workforce units will be affordable (no more than 30 percent of total income) to households making from 60 percent to 140 percent of the median Maui household income, according to agreements reached with the County.

We note, that market rents begin to become “affordable” for households with incomes at some 120% of the median Maui income level.

From a market perspective, the proposed master plan embodies the range of characteristics necessary to provide desirable, competitive workforce and market rental housing in the Lahaina District. It will offer affordable and reasonable market rents within a comprehensive, sustainable project in a moderate density urban environment.

We conclude the proposed 1,200 Pulelehua rental apartment development is an appropriate use of the underlying site and will become readily established in the regional market and able to capture a reasonable share of expressed demand within the qualifying workforce and market-level resident long-term rental household segments.

The West Maui District Residential Market

REGIONAL OVERVIEW

The subject property is within the West Maui district, which encompasses many of Maui's popular residential and visitor destination areas, including the Lahaina, Kaanapali, Honokowai, Mahinahina, Kahana, Napili and Kapalua neighborhoods. During the past three decades, the oceanfront corridor stretching from Ukumehame to Kapalua has been transformed from a sleepy port-village surrounded by sugar cane fields to one of the world's most successful vacation locales in the country and is one of Hawaii's strongest neighbor island tourist centers. The region offers excellent sandy beaches, a consistent warm and generally arid climate, excellent aquatic conditions for swimming, diving, sailing, and fishing; and multiple onshore attractions such as golf, tennis, shopping, dining, entertainment, and outdoor activities.

Once Hawaii's capital and port of call for whaling ships, Lahaina serves as the commercial center of West Maui. Many small shops line Front Street through Lahaina Town, offering goods and services geared toward the visitor industry. Points of historic interest such as the Baldwin Missionary House, Pioneer Sugar Mill, and the restored sailing vessel, Carthaginian II, are abundant in this town.

Two of Maui's major resort areas are in the Lahaina District, Kaanapali and Kapalua, which are located approximately three and eight miles north of Lahaina, respectively. Each offers beautiful white sand beaches; luxurious hotels, timeshares, condominiums and residences; upscale retail, dining and entertainment; and, a range of recreational activities including golf, tennis and ocean sports. The makai corridor between the two resorts is effectively built-out with a collection of visitor and second-home oriented oceanfront and near-shoreline boutique hotels, condominiums and resort residential developments, with some neighborhood commercial centers. West Maui is second only to Waikiki in total visitors and visitor expenditures annually.

MARKET STUDY DEMAND ANALYSIS

The tables containing the market study model components summarized in this section and excerpted into the brief narrative are presented full-size in Addenda Exhibit A. Significant explanatory and source data is contained in their footnotes.

All the tabular inserts throughout the report are included on the tables within the addenda exhibits for easier viewing.

Residential development in West Maui has been focused in three areas of the District:

1. Lahaina Town – A historic Hawaiian village which was capital of the Kingdom of Hawaii from 1820 through 1845, and center of the whaling industry, that has now evolved into the urban and resident housing center of West Maui, the only "city" in the region. There are an estimated 12,500 residents in the community which has reasonable potential for further expansion within the identified Urban Growth Boundary encompassing the town, particularly via the proposed Kahoma and Leialii projects.
2. Kaanapali and Kapalua Resorts – Two destination resort communities initially developed in the 1960s and 70s, they now have respective full-time resident populations of some 1,400 and 400 persons. Both are nearing full build-out of their original master planning areas and proposing major mauka expansions. The majority of "housing units" built to

date (primarily multi-family) are used for STRHs/TVUs and not considered part the resident housing inventory.

3. Coastal Corridor – The coastal corridor between the two resorts, identified as the Napili-Honokowai CDP has a resident population of some 7,400 persons. The majority of shoreline multifamily units in the area are used for STRHs/TVUs. Three major projects are proposed for the corridor, both stretching mauka from Honoapiilani Highway, The Department of Hawaiian Home Lands (DHHL) Honokowai development, the Kaanapali 2020 lands, and the Pulelehua master planned community.

Population and Household Size

The tables below summarize the resident population, housing stock and selected housing characteristics of the major Census Designated Places (CDP) and census tracts comprising the West Maui community for 2011 through 2015, and based on the 2010 census and zip codes.

SELECTED WEST MAUI CENSUS DATA FOR PERIOD 2011 THROUGH 2015				
	Lahaina CDP	Kaanapali CDP	Launiupoko CDP	Napili-Honokowai CDP
Owner-Occupied (Percent of Total Units)	50.1%	82.8%	59.7%	40.6%
Renter-Occupied (Percent of Total Units)	49.9%	17.2%	40.3%	56.9%
Average Household Size Owner-Occupied Unit	3.74	2.18	2.75	2.45
Average Household Size Renter-Occupied Unit	3.21	2.42	2.32	2.35
Average Monthly Rent (1)	\$1,245	\$2,344	\$2,667	\$1,434
Percent of Rental Households Which Pay more than 35% of Income as Rent	44.4%	41.3%	39.4%	48.6%
(1) Gross figure. Average during years 2011 through 2015.				
Source: CBRE/Hallstrom Team				

WEST MAUI RESIDENT POPULATION, HOUSING UNITS AND HOUSEHOLD SIZES					
Data Set	Resident Population	Total Housing Units Used by Residents	Average Resident Household Size	Total Units in Housing Inventory Including Second-Homes	Percent of Total Units Which Are Second-Homes
Maui County (2010 Census)	158,834	53,131	2.99	71,722	34.99%
Zip Code 96761 (2010 Census)	22,156	7,759	2.86	11,928	34.95%
<i>By Major Census Designated Places (2010 Census)</i>					
Kapalua CDP	353	163	2.17	1,015	83.94%
Napili-Honokowai CDP	7,261	2,942	2.47	4,284	31.33%
Mahinahina CDP	880	317	2.78	360	11.94%
Kaanapali CDP	1,045	465	2.25	1,806	74.25%
Lahaina CDP	11,704	3,535	3.31	4,049	12.69%
Laniupoko CDP	588	216	2.72	287	24.74%
Olowalu CDP	80	35	2.29	40	12.50%
Totals	21,831	7,638	2.86	11,801	35.28%
<i>By West Maui Census Tract Data (2017 FFIEC Report Using 2010 Census Data) (1)</i>					
314.02	3,046	864	3.53	1,030	16.12%
314.04	3,339	1,227	2.72	1,699	27.78%
314.05	5,762	1,326	4.35	1,449	8.49%
315.01	2,323	759	3.06	1,655	54.14%
315.02	4,522	2,020	2.24	3,261	38.06%
315.03	2,436	1,094	2.23	2,574	57.50%
320.00	866	413	2.10	938	55.97%
Totals	22,294	7,703	2.89 (1)	12,606 (2)	38.89% (2)
(1) Does not account for vacant residential units, so average household size figure is overstated by about .5 persons.					
(2) Includes vacant residential units resulting in totals being overstated.					
Source: US Census, The Hallstrom Team/CBRE					

The estimated current average household size in the Lahaina District is about 2.85 persons; marginally below County-wide levels at 2.97 persons

It is anticipated to continue dropping over the coming 13-plus years to about 2.71 to 2.74 persons by 2030 as family/household demographic dynamics continue to change (nationwide) and new development changes the traditional mix of unit types in the area

Our population projections for West Maui are shown below. They are based on historic growth coupled with the Maui General Plan 2030 forecasts and two trending scenarios.

Projected West Maui Resident Population				
Scenario	3rd QTR 2017	2020	2025	2030
One: Minimum Based on Maui County General Plan 2030 Projection Series Percentile Periodic Growth				
Resident Population	25,530	26,857	28,851	30,831
Two: Maximum Based on Maui County General Plan 2030 Projection Series Absolute Growth to 2030 Figures				
Resident Population	25,530	27,956	31,693	36,058

Quantification of Housing Unit Latent and Projected Demand

The balance between demand and supply in West Maui has been consistently out of balance for decades, with a continually large latent unmet housing unit need, highlighted by periods of high-demand and appreciation during up-cycles (as is currently being experienced) with little overhanging supply even during recessions. This condition is exacerbated by the relatively large numbers of non-resident second/vacation home purchasers which flood the market, consuming an ever-increasing percentage of the residential inventory (particularly in newer developments).

Based on our calculations we estimate there is a current latent (unmet) demand for some 2,200 residential housing units in West Maui, a combination of full-time resident household needs, non-resident second/vacation home interest, and providing for a minimal vacancy rate in the market. Much of the unmet resident household demand is for additional workforce/affordable housing opportunities.

Acknowledging the long-term trend towards smaller households, the impact of non-resident purchasers (moving from 20 percent to between 26 and 30 percent by 2030), and a vacancy allowance of three percent to achieve a stable market, we have quantified the total demand for new housing inventory in West Maui at from 5,728 to 8,941 units between late-2017 and the end of 2030, with a mid-point of 7,335 units. Our calculations are shown below.

QUANTIFICATION OF HOUSING UNIT DEMAND FOR WEST MAUI 2017 TO 2030 EXCLUDING TRANSIENT VACATION UNITS					
Scenario	3rd QTR 2017	Projected West Maui Resident Population			Additional Units Required by 2030
		2020	2025	2030	
One: Minimum Based on Maui County General Plan 2030 Projection Series Percentile Periodic Growth					
Resident Population	25,530	26,857	28,851	30,831	
Average Annual Change		1.6%	1.5%	1.4%	
Average Household Size	2.85	2.82	2.78	2.74	
Total Resident Units Required	8,958	9,524	10,378	11,252	
Vacancy Allowance (3 % of resident unit demand)	269	286	311	338	
Non-Resident Purchaser Allowance (2)	1,845	2,158	2,565	3,013	
TOTAL MARKET UNIT DEMAND	11,072	11,967	13,255	14,603	5,728
Two: Maximum Based on Maui County General Plan 2030 Projection Series Absolute Growth to 2030 Figures					
Resident Population	25,530	27,956	31,693	36,058	
Average Annual Change		2.6%	2.6%	2.6%	
Average Household Size	2.85	2.81	2.76	2.71	
Total Resident Units Required	8,958	9,949	11,483	13,306	
Vacancy Allowance (3 % of resident unit demand)	269	298	344	399	
Non-Resident Purchaser Allowance (2)	1,845	2,357	3,075	4,111	
TOTAL MARKET UNIT DEMAND	11,072	12,604	14,902	17,816	8,941

As of mid-2017, there are an estimated 13,625 total "residential" units in West Maui of which some 4,740 (34.7 percent) are used for vacation rentals (virtually all in the resorts or along the shoreline) with the remaining 8,885 (65.3 percent) available for full-time resident and second home owners/users. Approximately 20 percent of these latter units (1,777 units) are non-resident/second homes and 80 percent (7,108) are owned/used by full-time resident households.

Housing Unit Demand by Type

Today, about 60 percent of the "true" residential inventory (non-STRH/TVU) in the study area is single family and 40 percent multifamily. These figures are anticipated to change moderately in coming decades as shown, with multifamily/apartments comprising a growing share of the market.

	Projection Period			Total Demand 2017-2030
	2017 to 2020	2021 to 2025	2026 to 2030	
<i>1. Using Minimum Demand Projections</i>				
Single Family Homes & Lots	929	1,326	1,386	3,642
Percent of Total	61%	64%	65%	64%
Multifamily Units	594	746	746	2,086
Percent of Total	39%	36%	35%	36%
Total	1,523	2,072	2,133	5,728
	100%	100%	100%	100%
<i>2. Using Maximum Projections</i>				
Single Family Homes & Lots	1,317	1,973	2,404	5,695
Percent of Total	61%	64%	65%	64%
Multifamily Units	842	1,110	1,294	3,247
Percent of Total	39%	36%	35%	36%
Total	2,160	3,083	3,698	8,941
	100%	100%	100%	100%

It is expected that while the division in product type will continue to favor single family homes/lots, condominium units will marginally increase based on the planned unit mix in proposed regional developments as a percentage of the total market as available entitled, serviced multifamily building sites in the resorts and existing urban areas outpace single family subdivision. Within the universe of major in-development and proposed regional master planned projects (excluding Pulelehua), from committed/entitled to those needing further approvals, single family product will comprise 62 percent of the total inventory and condominiums/apartments some 38 percent, as summarized below.


PROPOSED MAJOR WEST MAUI DEVELOPMENTS WITH ENTITLEMTN STATUS AND UNIT COUNTS
Excluding Proposed Pululehua Community

	Single Family Lots and Homes	Multi-Family Units	Total Residential Units
<u>Committed (Entitled)</u>			
Sub-Total	1,116	950	2,066
Percent of Total	54.0%	46.0%	100.0%
<u>Maui Island Plan & Community Plan (Partly Entitled)</u>			
Sub-Total	875	930	1,805
Percent of Total	48.5%	51.5%	100.0%
<u>Maui Island Plan Only</u>			
Wainee Residential Community	360	360	720
Sub-Total	2,695	990	3,685
Percent of Total	73.1%	26.9%	100.0%
WEST MAUI TOTAL			
	4,686	2,870	7,556
Percent of Total	62.0%	38.0%	100.0%

Housing Unit Demand by Price/Rent

The County of Maui Department of Housing and Human Concerns, Housing Division has estimated the 2017 workforce/affordable pricing guidelines for “for sale” multifamily units as shown below.

ISLAND OF MAUI (EXCEPT HANA) WORKFORCE/AFFORDABLE SALES PRICE GUIDELINES FOR 2017



Prepared by:
HOUSING DIVISION
 DEPARTMENT OF HOUSING AND HUMAN CONCERNS (DHHC)
 COUNTY OF MAUI

Effective: **April 21, 2017**

2017
 AFFORDABLE SALES PRICE GUIDELINES
MAUI (EXCEPT HANA)
 MULTI-FAMILY

Prevailing Int. Rate	No. of Bedroom	Percent of Median Income											
		Very Low (50% & Below)		Low Income (51% to 80%)		Below Moderate (81% to 100%)		Moderate (101% to 120%)		Above Moderate (121% to 140%)		Gap Income (141% to 160%)	
		50%	60%	70%	80%	90%	100%	110%	120%	130%	140%	150%	160%
	1	\$37,050	\$44,460	\$51,870	\$59,280	\$66,690	\$74,100	\$81,510	\$88,920	\$96,330	\$103,740	\$111,150	\$118,560
	2	\$128,660	\$154,420	\$180,110	\$205,870	\$231,560	\$257,320	\$283,080	\$308,770	\$334,530	\$360,220	\$385,980	\$411,740
4.000%	3	\$156,230	\$187,510	\$218,705	\$249,985	\$281,180	\$312,460	\$343,740	\$374,935	\$406,215	\$437,410	\$468,690	\$499,970
	4	\$183,800	\$220,600	\$257,300	\$294,100	\$330,800	\$367,600	\$404,400	\$441,100	\$477,900	\$514,600	\$551,400	\$588,200
	4	\$211,370	\$253,690	\$295,895	\$338,215	\$380,420	\$422,740	\$465,060	\$507,265	\$549,585	\$591,790	\$634,110	\$676,430

Maximum affordable sales price is based on the following factors:
 \$74,100 Median family income as established by the U.S. Department of Housing and Urban Development (HUD).
 30 Number of years for a fixed-rate mortgage loan with no discount points
 30% Percentage of gross monthly income for housing expenses (principle and interest payment only)
 5% Percentage of the purchase price for downpayment.


Note #1: As of June 6, 2017 the Bank of Hawaii 30 year fixed rate mortgage had an effective APR of 3.591% for a standard home loan (below \$636,000), with 20% down payment and 1.25% in points. Rates by other lenders ranged from 3.7% APR to 4.1% APR tending towards 4.0%.

Note #2: Although not listed among the factors establishing affordable sales prices, Maui County requires a set-aside of 3.0% of gross income for multi-family purchasers to account for project maintenance fees. Hence the lower affordable prices for similar size units (bedrooms) in similar income categories relative to single family homes.

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

They have also established workforce/affordable rental unit guidelines for 2017 by family size, unit size and percentage of median household income as shown following.

ISLAND OF MAUI (EXCEPT HANA) WORKFORCE/AFFORDABLE RENTAL LIMITS GUIDELINES FOR 2017



Prepared by:
HOUSING DIVISION
DEPARTMENT OF HOUSING AND HUMAN CONCERNS (DHHC)
COUNTY OF MAUI
Effective: April 21, 2017

2017
INCOME LIMITS & AFFORDABLE RENT GUIDELINES
MAUI (EXCEPT HANA)

INCOME LIMITS FOR RENTAL UNITS (BY FAMILY SIZE & PERCENTAGE OF MEDIAN FAMILY INCOME)

% of Median	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
	0.7	0.8	0.9	1.0	1.08	1.16	1.24	1.32
10%	\$5,190	\$5,930	\$6,670	\$7,410	\$8,000	\$8,600	\$9,190	\$9,780
20%	\$10,370	\$11,860	\$13,340	\$14,820	\$16,010	\$17,190	\$18,380	\$19,560
30%	\$15,560	\$17,780	\$20,010	\$22,230	\$24,010	\$25,790	\$27,570	\$29,340
40%	\$20,750	\$23,710	\$26,680	\$29,640	\$32,010	\$34,380	\$36,750	\$39,120
50%	\$25,940	\$29,640	\$33,350	\$37,050	\$40,010	\$42,980	\$45,940	\$48,910
60%	\$31,120	\$35,570	\$40,010	\$44,460	\$48,020	\$51,570	\$55,130	\$58,690
70%	\$36,310	\$41,500	\$46,680	\$51,870	\$56,020	\$60,170	\$64,320	\$68,470
80%	\$41,500	\$47,420	\$53,350	\$59,280	\$64,020	\$68,760	\$73,510	\$78,250
90%	\$46,680	\$53,350	\$60,020	\$66,690	\$72,030	\$77,360	\$82,700	\$88,030
100%	\$51,870	\$59,280	\$66,690	\$74,100	\$80,030	\$85,960	\$91,880	\$97,810
110%	\$57,060	\$65,210	\$73,360	\$81,510	\$88,030	\$94,550	\$101,070	\$107,590
120%	\$62,240	\$71,140	\$80,030	\$88,920	\$96,030	\$103,150	\$110,260	\$117,370
130%	\$67,430	\$77,060	\$86,700	\$96,330	\$104,040	\$111,740	\$119,450	\$127,160
140%	\$72,620	\$82,990	\$93,370	\$103,740	\$112,040	\$120,340	\$128,640	\$136,940

AFFORDABLE RENT GUIDELINES (BY UNIT SIZE & PERCENTAGE OF MEDIAN FAMILY INCOME)

% of Median	UNIT SIZE (NO. OF BEDROOMS)					
	0	1	2	3	4	5
10%	\$130	\$139	\$167	\$193	\$215	\$237
20%	\$259	\$278	\$334	\$385	\$430	\$474
30%	\$389	\$417	\$500	\$578	\$645	\$711
40%	\$519	\$556	\$667	\$771	\$860	\$948
50%	\$649	\$695	\$834	\$963	\$1,075	\$1,186
60%	\$778	\$834	\$1,000	\$1,156	\$1,289	\$1,423
70%	\$908	\$973	\$1,167	\$1,349	\$1,504	\$1,660
80%	\$1,038	\$1,112	\$1,334	\$1,541	\$1,719	\$1,897
90%	\$1,167	\$1,250	\$1,501	\$1,734	\$1,934	\$2,134
100%	\$1,297	\$1,389	\$1,667	\$1,927	\$2,149	\$2,371
110%	\$1,427	\$1,528	\$1,834	\$2,119	\$2,364	\$2,608
120%	\$1,556	\$1,667	\$2,001	\$2,312	\$2,579	\$2,845
130%	\$1,686	\$1,806	\$2,168	\$2,505	\$2,794	\$3,063
140%	\$1,816	\$1,945	\$2,334	\$2,687	\$3,009	\$3,320

Note: Affordable rents are based on 30% of gross monthly income. Affordable rents include utilities.

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

Using housing affordability calculations and historic trends in the relationship between West 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 through 2030. New housing units in the West Maui Corridor will need to be priced at (in 2017 dollars and current prevailing interest rates) as shown below. The table also is insightful for rental pricing demand purposes.

STRIATED PROJECTIONS OF HOUSING UNIT DEMAND BY PRICE IN WEST MAUI STUDY AREA 2017 TO 2030 Expressed in Constant 2017 Dollars					
Period	Household Income as a % of Median Income (1)	Projection Period			Total Demand 2017-2030
		2017 to 2020	2021 to 2025	2026 to 2030	
1. Minimum Demand Forecasts					
Less Than \$365,000	80% or Less	426	539	512	1,477
Percent of Total Demand		28.00%	26.00%	24.00%	25.79%
\$365,000 to \$640,000	81% to 140%	366	497	512	1,375
Percent of Total Demand		24.00%	24.00%	24.00%	24.00%
\$640,000 to \$1,500,000	Above 140%	396	580	640	1,616
Percent of Total Demand		26.00%	28.00%	30.00%	28.21%
Over \$1,500,000	Above 140%	335	477	512	1,324
Percent of Total Demand		22.00%	23.00%	24.00%	23.11%
Total Market Demand		1,523	2,072	2,133	5,728
		100.00%	101.00%	102.00%	101.11%
2. Maximum Demand Forecasts					
Less Than \$365,000	80% or Less	605	802	888	2,294
Percent of Total Demand		28.00%	26.00%	24.00%	25.66%
\$365,000 to \$640,000	81% to 140%	518	740	888	2,146
Percent of Total Demand		24.00%	24.00%	24.00%	24.00%
\$640,000 to \$1,500,000	Above 140%	562	832	1,036	2,429
Percent of Total Demand		26.00%	27.00%	28.00%	27.17%
Over \$1,500,000	Above 140%	475	709	888	2,072
Percent of Total Demand		22.00%	23.00%	24.00%	23.17%
Total Market Demand		2,160	3,083	3,698	8,941
		100.00%	100.00%	100.00%	100.00%

- 26 percent would need to meet affordability guidelines for a household of four earning 80 percent of the County median household income ("Low Income");
- 24 percent would need to be considered affordable to households earning from 81 percent to 140 percent of median County income ("Below Moderate" to "Gap Income" categories);
- 50 percent would be for households with incomes above 140 percent of the Maui median ("Market" level).

Through September 2017, the average sales prices for residential inventory in selected West Maui neighborhoods as reported by the Maui Board of Realtors Multiple Listing Service (which may not include all original unit sales) were as listed below, alongside average monthly rents for those areas as compiled by the US Census for year-end 2015.

Median Housing Prices and Rents in Selected West Maui Communities (Through September 2017)			
	Lahaina	Napili-Honokowai	Kaanapali
Single Family Median Price	\$1,334,500	\$1,700,000	\$847,500
Multi-Family Average Price	\$482,500	\$922,000	\$425,000
Median Rent (Year-End 2015)	\$1,245	\$1,434	\$2,344

The MLS sales data for Maui, West Maui, and selected West Maui communities are shown on the following tables and graphs. Sales data is considered insightful for estimating demand for and pricing of rental units (both single family and condominium/apartments).

**YEAR-END MEDIAN SALES PRICE FOR MAUI AND SELECT WEST MAUI AREAS FROM
MULTIPLE LISTING SERVICE DATABASE 2010 THROUGH ANNUALIZED 2017**

Location and Property Type	2010	2011	2012	2013	2014	2015	2016	Annualized September 2017
<u>Overall Maui</u>								
Single Family	\$460,000	\$432,500	\$470,000	\$530,000	\$570,000	\$580,000	\$636,750	\$700,000
% Change	-7.65%	-5.98%	8.67%	12.77%	7.55%	1.75%	9.78%	9.93%
Condominium	\$377,500	\$310,000	\$358,995	\$373,000	\$415,000	\$410,000	\$429,000	\$449,000
% Change	-16.11%	-17.88%	15.80%	3.90%	11.26%	-1.20%	4.63%	4.66%
<u>Lahaina</u>								
Single Family	\$501,900	\$518,550	\$512,500	\$606,250	\$775,000	\$700,000	\$760,000	\$1,334,500
% Change	-22.78%	3.32%	-1.17%	18.29%	27.84%	-9.68%	8.57%	75.59%
Condominium	\$378,583	\$337,205	\$365,100	\$352,500	\$420,000	\$440,000	\$485,573	\$482,500
% Change	-5.12%	-10.93%	8.27%	-3.45%	19.15%	4.76%	10.36%	-0.63%
<u>Kaanapali</u>								
Single Family	\$965,000	\$1,100,000	\$1,230,000	\$1,172,500	\$1,600,000	\$1,785,000	\$1,597,500	\$1,700,000
% Change	-33.33%	13.99%	11.82%	-4.67%	36.46%	11.56%	-10.50%	6.42%
Condominium	\$823,250	\$646,700	\$499,900	\$782,950	\$850,000	\$992,500	\$1,022,500	\$922,000
% Change	-15.56%	-21.45%	-22.70%	56.62%	8.56%	16.76%	3.02%	-9.83%
<u>Napili/Kahana/Honokowai</u>								
Single Family	\$660,000	\$605,000	\$632,000	\$799,000	\$750,000	\$881,000	\$875,000	\$847,500
% Change	-12.58%	-8.33%	4.46%	26.42%	-6.13%	17.47%	-0.68%	-3.14%
Condominium	\$310,000	\$259,000	\$299,000	\$382,500	\$399,000	\$400,000	\$407,500	\$425,000
% Change	-15.65%	-16.45%	15.44%	27.93%	4.31%	0.25%	1.87%	4.29%

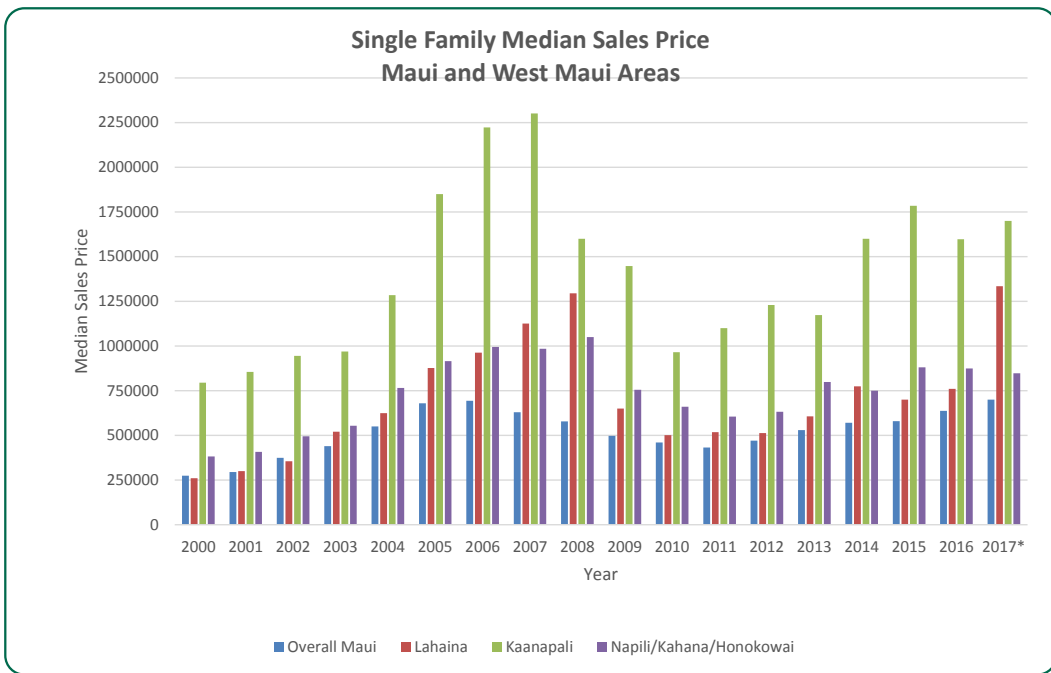
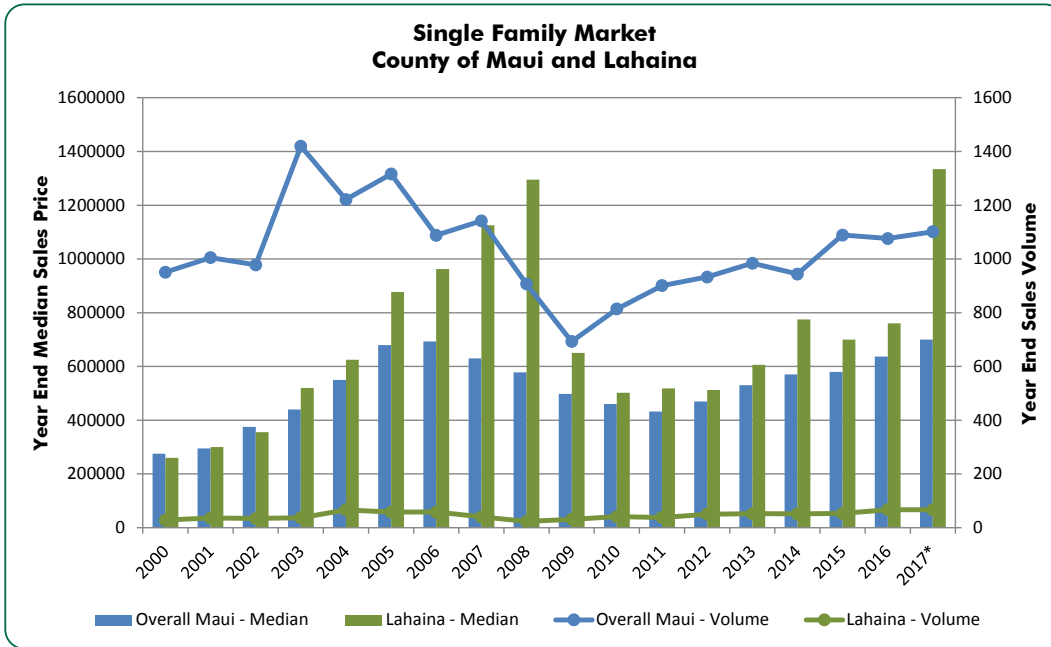
Source: Maui Multiple Listing Service and CBRE/Hallstrom Team.

**YEAR-END NUMBER OF SALES FOR MAUI AND SELECT WEST MAUI AREAS FROM
MULTIPLE LISTING SERVICE DATABASE 2010 THROUGH ANNUALIZED 2017**

Property Type	2010	2011	2012	2013	2014	2015	2016	Annualized September 2017
<u>Overall Maui</u>								
Single Family	814	901	933	984	944	1,089	1,076	1,101
% Change	17.46%	10.69%	3.55%	5.47%	-4.07%	15.36%	-1.19%	2.35%
Condominium	1,147	1,157	1,248	1,333	1,203	1,199	1,232	1,399
% Change	38.86%	0.87%	7.87%	6.81%	-9.75%	-0.33%	2.75%	13.53%
<u>Lahaina</u>								
Single Family	41	38	50	52	51	53	67	67
% Change	32.26%	-7.32%	31.58%	4.00%	-1.92%	3.92%	26.42%	-0.50%
Condominium	64	83	80	85	72	103	68	83
% Change	16.36%	29.69%	-3.61%	6.25%	-15.29%	43.06%	-33.98%	21.57%
<u>Kaanapali</u>								
Single Family	21	35	23	22	27	22	22	24
% Change	50.00%	66.67%	-34.29%	-4.35%	22.73%	-18.52%	0.00%	9.09%
Condominium	237	122	160	160	151	102	119	91
% Change	22.80%	-48.52%	31.15%	0.00%	-5.62%	-32.45%	16.67%	-23.81%
<u>Napili/Kahana/Honokowai</u>								
Single Family	27	42	45	35	34	30	40	45
% Change	12.50%	55.56%	7.14%	-22.22%	-2.86%	-11.76%	33.33%	13.33%
Condominium	173	213	233	215	209	197	266	247
% Change	80.21%	23.12%	9.39%	-7.73%	-2.79%	-5.74%	35.03%	-7.27%

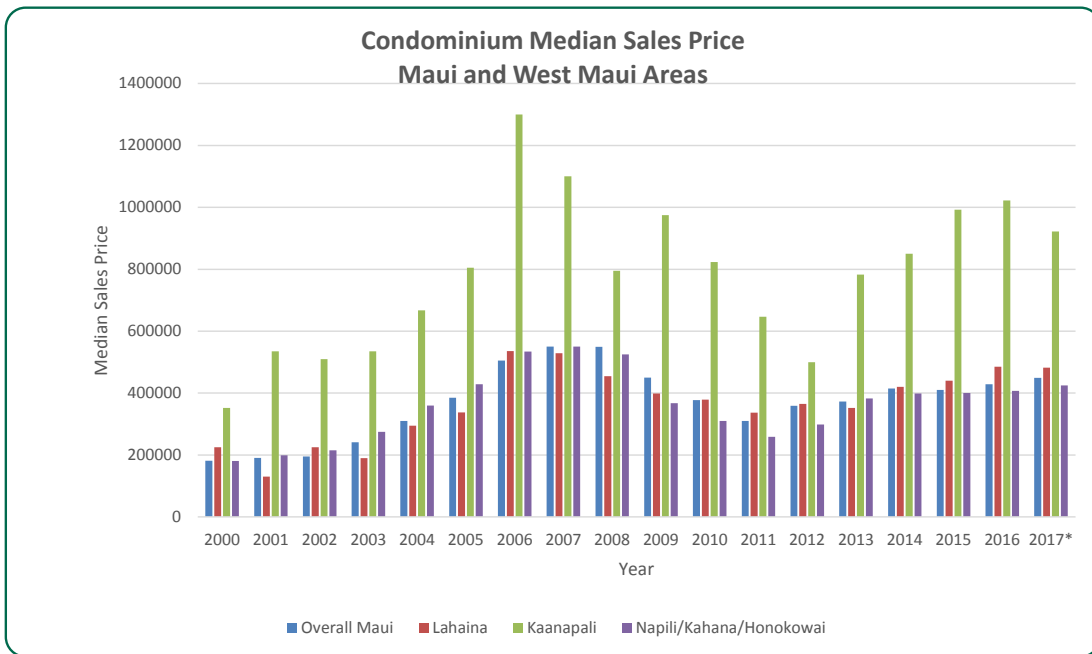
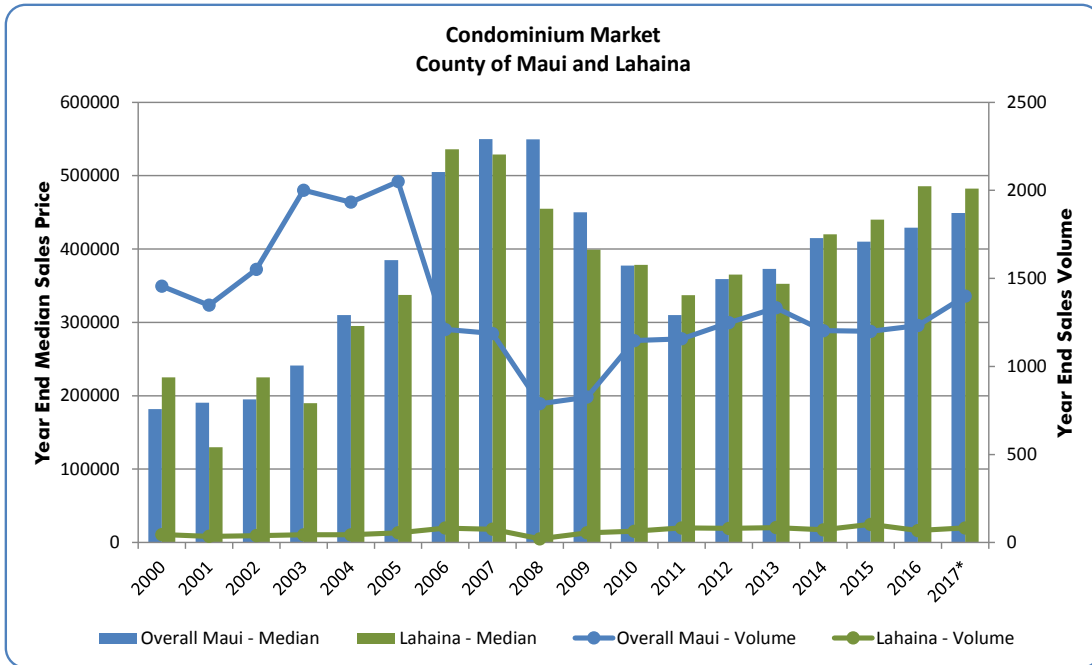
Source: Maui Multiple Listing Service and CBRE/Hallstrom Team.

GRAPHS OF MAUI MULTIPLE LISTING SERVICE SINGLE FAMILY SALES FOR MAUI AND SELECTED WEST MAUI AREAS



Source: Maui Multiple Listing Service and CBRE/Hallstrom Team.

GRAPHS OF MAUI MULTIPLE LISTING SERVICE CONDOMINIUM UNIT SALES FOR MAUI AND SELECTED WEST MAUI AREAS



Source: Maui Multiple Listing Service and CBRE/Hallstrom Team.

WEST MAUI RENTAL APARTMENT SECTOR

There are currently nine major mixed-income and market rental apartment projects in West Maui with a total of 1,086 units, as summarized in the following table. 99 percent of the units are currently occupied with the manager of Sunset Terrace expecting full-occupancy to be achieved as the vacant units are renovated and placed back into the available inventory.

All the projects have waiting lists and assert that units are invariably re-leased within a month of their vacancy and subsequent listing.

SUMMARY OF COMPARABLE MIXED-INCOME AND MARKET APARTMENT RENTALS				
Property Name	Location	Occupancy	No. of Units	Year Built
Kahana Manor	4310 Lower Honoapiilani Rd	100%	105	1981
Leinani Apartments	3750 Lower Honoapiilani Rd	100%	30	1970
Sunset Terrace Apartments	3626 Lower Honoapiilani Rd	97%	288	1987
Coconut Inn	181 Hui Road F	100%	46	1977
Napili Ridge	120 Hui Road	100%	130	1972
Maui Lani Terrace	3740 Lower Honoapiilani Rd	100%	159	1989
Opukea at Lahaina	Limahana Circle	100%	114	2009
Napili Villas	Hanawai St.	100%	184	2002
Lahaina Town Luxury Apartments	134 Wahie Ln	100%	30	1968
Totals		99%	1,086	
Compiled by CBRE/Hallstrom Team				

There are six income-restricted (LIHTC) rental apartment projects in West Maui. They are 100 percent occupied and have extensive waiting lists.

WEST MAUI LIHTC APARTMENT RENTAL PROPERTIES - INCOME RESTRICTED			
Name	Affordable Units	Percent of Median Income Rental Basis	Percent Occupied
Front Street Apartment	142	60%	100%
Honokowai Villa	56	30%/60%	100%
Honokowai Kauhale	184	60%	100%
Komohana	20	60%	100%
Lahaina Surf	112	60%	100%
Weinberg Court Apartments	62	60%	100%
Total	576		100%
Compiled by CBRE/Hallstrom Team			

The unit mix (by bedrooms), living area size in square feet and monthly rental rates (total and per square foot) for selected major mixed-income and market projects are as shown below.

SUMMARY OF UNIT TYPES, SIZES AND RENTS IN PRIMARY WEST MAUI APARTMENT PROJECTS				
Comparable Project	Unit Type	Size	Rental Rates \$/Mo.	\$/SF
Studio Units				
Lahaina Town Luxury Apartments	Studio/1BA	308	\$1,195	\$3.88
Sunset Terrace	Studio/1BA	444	\$1,570	\$3.54
One Bedroom Units				
Kahana Manor	1BD/1BA	675	\$1,625	\$2.41
Leinani Apartments	1BD/1BA	560	\$1,600	\$2.86
Sunset Terrace Apartments	1BD/1BA	618	\$1,825	\$2.95
Coconut Inn	1BD/1BA	631	\$1,850	\$2.93
Napili Ridge	1BD/1BA	564	\$1,700	\$3.01
Maui Lani Terrace	1BD/1BA	530	\$1,900	\$3.58
Coconut Inn	1BD/1BA	499	\$1,700	\$3.41
Two Bedroom Units				
Kahana Manor	2BD/2BA	975	\$2,200	\$2.26
Opukea at Lahaina	2BD/2BA	1250	\$2,900	\$2.32
Napili Villas	2BD/2BA	854	\$2,400	\$2.81
Maui Lani Terrace	2BD/1BA	705	\$2,100	\$2.98
Leinani Apartments	2BD/2BA	780	\$2,350	\$3.01
Sunset Terrace Apartments	2BR/2BA	796	\$2,395	\$3.01
Three Bedroom Units				
Opukea at Lahaina	3BD/2BA	1357	\$3,500	\$2.58
Napili Villas	3BD/2.5BA	1236	\$3,100	\$2.51
Napili Villas	3BD/2BA	1165	\$3,000	\$2.58
Compiled by CBRE/Hallstrom Team				

We completed a survey of the West Maui residential rental market from late September through early November 2017 and identified 48 units of various type offered for long-term rent. Asking rents ranged from \$1,272 to \$5,373 per month, averaging \$3,391; with about half including some/all utilities and half no utilities. The advertised units are summarized on the following table.

LAHAINA DISTRICT LONG-TERM RESIDENTIAL RENTAL UNIT SURVEY SEPTEMBER 29 THROUGH NOVEMBER 3, 2017									
Source	Address	Type	Bed	Bath	Sq Ft	Listing Price (Rent)	Utilities Included	Date	
Realtor	6 Poinsiana Pl, Lahaina, HI 96761	Condo	4	2.5		\$4,787		9/29/2017	
Zillow	861 Kale St Lahaina, HI 96761	House	4	2	2648	\$3,500		9/29/2017	
Designteam Maui	1660 Limahana Circle - Opulikea F108, F108, Lahaina, HI 96761	Condo	3	2	1332	\$3,500	Water, Trash, Electric, Cable, Internet	9/29/2017	
Zillow	Kahana Ridge Dr, Lahaina, HI 96761	Apartment	3	2.5		\$3,950		9/29/2017	
Zillow	25 Heather Ln APT 131 Lahaina, HI 96761	Apartment	2	2	960	\$2,400	Utilities included except Electric	9/29/2017	
Zillow	3624 Lower Honoapiilani Rd, Lahaina, HI 96761	Apartment	2	1	796	\$2,395		9/29/2017	
Zillow	50 Puu Anoaia St APT 1602, Lahaina, HI 96761	Apartment	2	2		\$3,646	Rent+Utilities (PV electric System for Water and Heater)	9/29/2017	
Zillow	500 Kapulua Dr Lahaina, HI 96761	House	2	2	1344	\$3,500		9/29/2017	
Craiglist		Apartment	2	2		\$2,650		9/29/2017	
Zillow	3627 Lower Honoapiilani Rd, Lahaina, HI 96761	Apartment	1	1	618	\$1,825		9/29/2017	
Zillow	3740 Lower Honoapiilani Rd APT A304, Lahaina, HI 96761	Apartment	1	1	530	\$1,900	Water & Trash	9/29/2017	
Zillow	4909 Lower Honoapiilani Rd # E3E, Lahaina, HI 96761	Apartment	1	1	700	\$2,300		9/29/2017	
Zillow	3628 Lower Honoapiilani Rd, Lahaina, HI 96761	Apartment	0	1	444	\$1,545		9/29/2017	
Craiglist		House	4	3.5	3600	\$5,700		10/1/2017	
Craiglist	16 Plumaria Place, Lahaina, HI 96761	House	3	2	1830	\$4,400		10/1/2017	
Craiglist	15 E Kuu Aku Lane, Lahaina, HI 96761	Condo	2	2.5	1282	\$4,700		10/1/2017	
Craiglist	3788 Lower Honoapiilani Rd, Lahaina, HI 96761	Condo	2	2		\$3,200	High Speed Internet, Cable, Electricity up to \$150	10/1/2017	
Craiglist	Ainaka Rd	House	3	1	800	\$2,795		10/4/2017	
Craiglist		Condo	3	2		\$3,000		10/4/2017	
India	300 Aalii Way, Lahaina, HI 96761	House	4	3.5	3800	\$6,953		10/11/2017	
Zillow	146 Kahana Hui Rd, Lahaina, HI 96761	House	3	2.5		\$3,950		10/11/2017	
Trulia	16 Palohina Ln #4, Lahaina, HI 96761	Apartment	3	2		\$2,800		10/11/2017	
Zillow	1660 Limahana Circle Opulikea F108, Lahaina, HI 96761	Condo	3	2	1332	\$3,500	Water, Trash, Electric, Cable, Internet	10/11/2017	
Zillow	31 E Kuu U Aku Ln, Lahaina, HI 96761	Condo	3	2	1165	\$4,000	All utilities except electricity	10/11/2017	
Zillow	3530 Lower Honoapiilani Rd, Lahaina, HI 96761	House	3	2	1088	\$2,800		10/11/2017	
Zillow	486 Waiwae St, Lahaina, HI 96761	House	3	2	1194	\$3,750		10/11/2017	
Zillow	500 Bay Dr #23, Lahaina, HI 96761	House	1	1.5		\$3,600		10/11/2017	
Apartmentfinder	877 Anupuni Loop, Lahaina, HI 96761	House	5	4		\$12,000	Yard, Trash, Pool, Spa Maintenance	10/13/2017	
Apartmentfinder	102 Woodrose Pl, Lahaina, HI 96761	Apartment	3	3		\$6,700	Trash, Pool, Spa Maintenance	10/13/2017	
Apartmentfinder	43 Palohina Ln, Lahaina, HI 96761	Apartment	3	2		\$2,890	All utilities except electric and cable	10/13/2017	
Apartmentfinder	4955 Hanalei St, Lahaina, HI 96761	House	2	1.5	767	\$2,600		10/13/2017	
Craiglist		House	2	2		\$2,700		10/13/2017	
Craiglist		House	1	1	520	\$2,100	Utilities Included	10/13/2017	
Craiglist		Apartment	0	1		\$1,000	Electricity, Water	10/13/2017	
Craiglist	36 Puu Hale, Lahaina, HI 96761	Condo	4	3.5	3650	\$5,800	Solar Panel	10/18/2017	
India	15 Waihou Pl, Lahaina, HI 96761	House	3	2	1937	\$6,900		10/18/2017	
Craiglist	206 Front Street, Lahaina, HI 96761	House	2	1	900	\$2,100		10/18/2017	
Craiglist	Mahinahina St & Ulu Pl, Lahaina, HI 96761	House	2	1	1600	\$3,200	Water, Trash	10/18/2017	
Craiglist		House	2	1	750	\$2,300	All utilities except water, trash, electricity	10/18/2017	
Zillow	36 Puu Hale St, Lahaina, HI 96761	Condo	4	3.5	3650	\$5,500	No Utilities+Solar Panels	10/27/2017	
Zillow	45 E Kuu Aku Ln UNIT 314, Lahaina, HI 96761	Condo	3	2	1165	\$2,950	All utilities except electric and cable	10/27/2017	
Zillow	31 E Kuu Aku Ln # 13, Lahaina, HI 96761	Condo	3	2	1165	\$3,300	All utilities except cable, electric, internet	10/27/2017	
Zillow	25 Heather Ln APT 114, Lahaina, HI 96761	Apartment	3	2		\$2,500		10/30/2017	
Zillow	3788 Lower Honoapiilani Rd APT D101, Lahaina, HI 96761	Condo	2	2	1100	\$2,400		10/30/2017	
Zillow	Lower Honoapiilani Rd, Lahaina, HI 96761	Condo	1	1	768	\$2,900	Electricity, Water, Sewer, and Cable	11/2/2017	
Zillow	4064 Lower Honoapiilani Rd, Lahaina, HI 96761	House	1	1.5	1750	\$2,200	Cable+Internet	11/3/2017	
Hotpad	Hui Road F, Lahaina, HI 96761	Condo	2	1	1080	\$2,300		11/3/2017	
Zillow	4365 Lower Honoapiilani Rd # 201, Lahaina, HI 96761	Condo	2	2	1141	\$3,995		11/3/2017	

Source: As Cited and CBRE/Hallstrom Team

Virtually all units listed for rents were successfully leased in the month of their offering, particularly those priced at \$3,000 per month or less, and according to apartment complex managers and rental agents demand for residential rentals in West Maui is very high (and increasing) and far outstrips available supply. The results of our survey are displayed graphically in the following chart. We note that there is some overlap in rents between affordable and market levels when moving above the 120 percent median household income level.

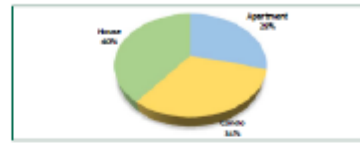
GRAPHS OF WEST MAUI LONG-TERM RESIDENTIAL RENTAL UNIT SURVEY

Unit Type	Number of Units
Apartment	14
Condo	15
House	11
Grand Total	40

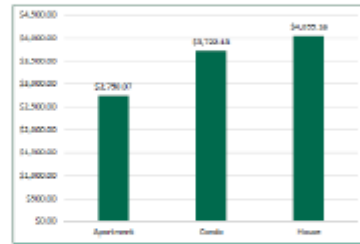
Unit Type	Average Rent
Apartment	\$2,790.07
Condo	\$3,722.13
House	\$4,055.16
Grand Total	\$3,570.44

Bed	Average Rent
Studio	\$1,872.50
1	\$2,403.57
2	\$2,939.07
3	\$3,746.16
4	\$5,373.33
Grand Total	\$3,291.09

RESIDENTIAL SUPPLY IN STUDY AREA BY TYPE



AVERAGE ASKING RENT BY TYPE



Average Asking Rent by Bedroom Total



Source: As Cited and CBRE/Hallstrom Team

MARKET STUDY SUPPLY ANALYSIS

There are numerous residential projects entitled, proposed, or announced in West Maui which could total some 7,556 units upon full build-out, as shown below., excluding those at Pulelehua.

PROPOSED MAJOR WEST MAUI RESIDENTIAL PROJECTS BY ENTITLEMENT STATUS Excluding Proposed Pulelehua Community			
	Single Family Lots and Homes	Multi-Family Units	Total Residential Units
<i>Committed (Entitled)</i>			
Kahoma Resident Housing (Under-Construction)	68	0	68
Kahoma Village PD4 (Under-Construction)	101	102	203
Kai A Ulu Affordable Homes (Under-Construction)	33	0	33
Kapalua Mauka Residential	690	0	690
Pailolo Place	0	42	42
Pukuolii Villages	292	648	940
Wailele Ridge (Under-Construction)	0	158	158
Sub-Total	1,116	950	2,066
Percent of Total	54.0%	46.0%	100.0%
<i>Maui Island Plan & Community Plan (Partly Entitled)</i>			
Kaanapali Lower North Honokowai	275	330	605
Lealii HHFDC Community	600	600	1,200
Sub-Total	875	930	1,805
Percent of Total	48.5%	51.5%	100.0%
<i>Maui Island Plan Only</i>			
Kaanapali Lower East Honokowai	225	0	225
Kaanapalai Lower South Honokowai	410	630	1,040
Makila (Includes Polanui Gardens)	200	0	200
Olowalu	1,500	0	1,500
Wainee Residential Community	360	360	720
Sub-Total	2,695	990	3,685
Percent of Total	73.1%	26.9%	100.0%
WEST MAUI TOTAL	4,686	2,870	7,556
Percent of Total	62.0%	38.0%	100.0%
Source: Long Range Planning Division, Department of Planning, County of Maui, "Kapalua North Lahaina" & "South Lahaina Ukumehame" Development Project Maps, May 2016.			

However, many of the projects are currently on-hold or have indefinite timelines. Several are under financial duress and will not be moving forward during the near to mid-term.

Other considerations include:

- Not all 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.

Due to the uncertainty of these major projects and their current lack of inertia precise quantification of probable additions to supply during the 2017 to 2030 projection period is problematic. We believe at best no more than 60 percent to 80 percent of the committed/entitled and partially-entitled units will be built by 2030; which will be insufficient to meet the projected regional housing demand needs.

The table below summarizes major projects under-construction on Maui as of late-2017. All of those offering workforce/affordable or low market-priced units are being quickly absorbed, often through a series of fully-subscribed lotteries.

NEW MAJOR UNDER-CONSTRUCTION MAUI RESIDENTIAL PROJECTS								
Project Name	Number of Units			Unit Size in Sq. Ft.		Sales Prices		Comments
	Multi Family	Single Family	Total	Multifamily	Single Family	Multifamily	Single Family	
<i>West Maui</i>								
Kalama Village	102	101	203	1,000 to 1,223	1,043 to 2,194	Starting at \$275,000	Up to \$750,000	Infrastructure complete, homes under-construction, applications being accepted.
Waialele Ridge	158	0	158	500 to 1,600	N/A	\$404,900 to \$939,900	N/A	Construction began 4/16 with 20 of 38 units offered reserved.
<i>Central Maui</i>								
Kamanai at Kehalani	24	0	24	1,425 to 1,465	N/A	\$475,000 to \$506,000	N/A	Phase 4 of 122-unit project, all units reserved, all prior phases sold-out
Parkways at Maui Lani	0	120	120	N/A	1,385 to 2,404	N/A	Starting at mid-\$500,000s	Later phases of 2013 project. 65 homes reserved.
Alohilani at Kehalani	0	88	88	N/A	1,502 to 1,736	N/A	\$619,000 to \$641,000	Construction underway, 66 homes reserved by year-end 2016
<i>South Maui</i>								
Hokulani Golf Villas	0	152	152	N/A	1,800 to 2,500	N/A	\$966,000 to \$1,295,000	Later phases of 2009 project. 33 homes sold from 2014-2016.
Cove Beach Villas	32	0	32	896 to 948	N/A	\$499,900 to \$599,900	N/A	17 units reserved or held by developer
Keala O Wailea	70	0	70	1,241 to 1,312	N/A	\$888,900 to \$1,019,000	N/A	Construction began early 2016. 6 of 17 units offered sold.
Compiled by CBRE/Hallstrom Team								

Appropriateness of the Subject Property for Residential Use and Absorption Estimates

The tables containing the absorption projection models summarized in this section are also presented in Addenda Exhibit B.

APPROPRIATENESS OF THE SUBJECT SITE FOR THE PROPOSED DEVELOPMENT

Considering the quantified market support for the proposed subject residential development, the next step in analysis is to assess whether the site and concept are appropriate from a market perspective, are in concert with macro demand trends, and forecast the probable standing of the Pulelehua inventory therein. These insights determine the competitiveness and resulting probable market shares for the residential components of the project.

The master plan for the subject project is consistent with modern urban planning objectives for workforce/affordable and market-level priced multifamily/apartment development and will provide a competitive environment for the 1,200 units proposed. Among the features we consider most relevant relative to maximizing market acceptance:

The location of the project is highly desirable, with a superior climate, makai view panoramas, and proximity to beaches, recreational amenities, public facilities and supporting commercial services. The easy access onto Honoapiilani Highway is a valued commodity among residents, as will be the unique opportunity to lease affordable and lower market-priced rental units in a master planned community.

The parks, open spaces and greenbelts are integrated into the design maximizing the desirable frontages and views for the finished units.

The single story, relatively small, multi-plex buildings will minimize the visual footprint of the project from off-site and provide residents with an atypical (and highly desirable) low-intensity environment for an apartment complex.

The master plan is an appropriate use of the subject property from a market demand and economic acceptance perspective based on a variety of criteria, including:

- It will convert a currently non-productive, feral agricultural land holding into a comprehensively-designed sustainable development which will help in meeting future residential needs in the region, while providing a meaningful economic stimulus to the island.
- It is within and consistent with the West Maui urban node. And, it will provide a desirable transition from the intense Highway-frontage areas to the lower intensity residential products which will eventually be developed upslope.
- The master plan is well suited for the climate of the site, and will serve to attract residents and seniors seeking the slightly cooler and better views available at elevations above the Kaanapali-Kapalua makai urban development corridor.
- Some ocean and/or upslope panoramas will be available for most properties in Pulelehua, a desirable asset in the regional market.

- The overall low intensity of development, at less than 5 units per acre, is rare for an apartment project and will be strongly desired among potential tenants.

We conclude the proposed Pulelehua master plan represents a highest and best use of the underlying site, will provide a positive return to the land, and will bring economic activity to a site currently hosting none. The use and the proposed project are appropriate for the property.

APPLICATION OF ABSORPTION ESTIMATING TECHNIQUES

Based on these attributes of the subject property, our analyses of the Lahaina District residential market, and the historic experience of competitive projects in the regional marketplace, we have estimated the probable absorption velocity for the subject inventory 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, all the competitive inventory proposed to be developed in the study area during the 2017-2030 projection period is placed on a timeline 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 residential product in West Maui an undersupply situation is present and there is "residual" demand remaining for the subject inventory. This method is considered the most conservative as it allows the probable 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. It is an estimate of how much of the total forecast demand for new multifamily units in West Maui the subject could expect to capture on an annual basis considering its location, product type, estimated pricing (rents), perceived competitiveness, and community characteristics.

On a District-wide basis, the Gross Demand method indicates there is strong support for the Pulelehua development. The demand for non-resort residential units through 2030 is forecast to be between 5,728 and 8,491 total units. The "committed/entitled" and "partially-entitled" proposed regional inventory (apart from Pulelehua) total some 3,871 units or only 46 to 68 percent of the needed residential product.

Therefore, we judge this method as highly supportive of sufficient market demand existing over the coming decade-plus to successfully absorb all the subject product during a reasonable exposure period.

The Gross Demand method also supports there being excess unmet demand for the 1,200 Pulelehua units solely from a multifamily unit perspective. Analysis indicates there will be a need for between 2,086 units and 3,274 units in West Maui by 2030, and the entitled and partially-entitled proposed projects are only planning to make some 1,880 maximum units available. Again, this represents only from 67 percent to 90 percent of the total need for multifamily/apartment units.

Given the historic demand for units in the previously developed major projects, typically ranging up to more than 100 units per during their initial offering periods it is likely the subject units could achieve absorption (rent-up and sales) of 100-plus units annually, which would be sufficient to absorb all 1,200 proposed Pulelehua units in a 10 to 12-year period.

There is little doubt based upon the experience of other projects currently offering inventory in the Maui market the Pulelehua workforce units would be quickly reserved, likely within a lottery program as each increment and type were offered. We believe that production of the inventory will most likely be the constraining factor and at worst case could be rented within a one to two period following completion.

As noted foregoing, for analytical purposes if we optimistically assume that 60 to 80 percent of the multifamily/apartment units in entitled and partially-entitled proposed regional projects would be built out by 2030 placing some 768 to 1,024 total multifamily units on the market there will remain substantial unmet Residual Demand for multifamily product in every five-year projection period from 2017-2020 through 2026-2030, as shown in the charts below.

PROJECTION OF POTENTIAL SUBJECT UNIT ABSORPTION USING THE RESIDUAL METHOD BASED ON TOTAL DEMAND FOR MULTIFAMILY UNITS IN THE WEST MAUI STUDY AREA				
Segment	TOTAL UNITS	2017-2020	2021-2025	2026-2030
1. Minimum Demand				
Assumed Supply (60% of entitled and partially entitled market projects)	768	260	254	254
Regional Multifamily Demand	2,086	594	746	746
Shortage or (Excess) Supply	1,318	334	492	492
Potential Residual Subject Minimum Demand				
at 95% Capture Rate	1,253	317	467	468
at 90% Capture Rate	1,187	301	443	443
2. Maximum Demand				
Assumed Supply (80% of entitled and partially entitled market projects)	1,024	260	382	382
Regional Multifamily Demand	3,247	842	1,110	1,294
Shortage or (Excess) Supply	2,223	582	728	912
Potential Residual Subject Maximum Demand				
at 95% Capture Rate	2,111	553	692	867
at 90% Capture Rate	2,000	524	655	821

Indicated Number of Years Required to Absorb 1,200 Pulelehua Units Using Residual Method		
Scenario	Percent of Residual Demand	Number of Years to Achieve Full Absorption
Minimum	91.0%	12.7
Maximum	54.0%	7.6
Mid-Point	72.5%	10.2

Source: Maui County, Developers/Agents, & CBRE/Hallstrom Team

Even if the assumed supply brought on-line achieves full absorption within reasonable periods, there will still be excess residual demand available for the 1,200 Pulelehua units, which would be expected to capture up to 95 percent of the left-over, unmet demand.

Using the residual analysis the 1,200 units of Pulelehua would be full-absorbed (leased-up) within 7.6 to 12.7 years, with a mid-point of 10.2 years.

Given the desirable location, the unique qualities of its product, and anticipated pricing envisioned for Pulelehua, it will achieve a solid market standing and prove competitive in the regional multifamily/apartment market; able to garner a reasonable share of West Maui demand regardless of the numbers of competing units built.

We estimate the subject could readily achieve an average Market Shares (or "Capture") Rate of 50 percent to 60 percent of the total Lahaina District new residential multifamily unit market sector during its planned offering period. This is an appropriate fraction of the total regional demand for new multifamily product, which we consider readily achievable.

Application of this method is shown for the Pulelehua multifamily units in the chart below.

SUMMARY OF SUBJECT PROJECTED UNIT ABSORPTION USING THE MARKET SHARES METHOD				
Assuming Reservation/Lotteries Begin in 2019, Initial Occupancy 2020				
Scenario One: Using Minimum Demand Assumptions				
Sales Year		Total Regional MF Unit Demand	Effective Subject Share	Indicated Total Subject Absorption
Date	Period			
2019	1	149	50.00%	74
2020	2	149	55.00%	82
2021	3	149	60.00%	90
2022	4	149	60.00%	90
2023	5	149	60.00%	90
2024	6	149	60.00%	90
2025	7	149	60.00%	90
2026	8	149	60.00%	90
2027	9	149	60.00%	90
2028	10	149	60.00%	90
2029	11	149	60.00%	90
2030	12	149	60.00%	90
2031	13	149	60.00%	90
2032	14	149	39.50%	59
Totals		2,088	57.47%	1,200
Indicated Absorption Period			13.66 Years	
Scenario Two: Using Maximum Demand Assumptions				
Sales Year		Total Regional MF Unit Demand	Effective Subject Share	Indicated Total Subject Absorption
Date	Period			
2019	1	211	55.00%	116
2020	2	211	60.00%	126
2021	3	222	65.00%	144
2022	4	222	65.00%	144
2023	5	222	65.00%	144
2024	6	222	65.00%	144
2025	7	222	65.00%	144
2026	8	259	65.00%	168
2027	9	259	26.50%	69
Totals		2,049	58.59%	1,200
Indicated Absorption Period			8.41 Years	
ANALYSIS MID-POINT				
11.0 Years		2,068	58.03%	1,200
Source: CBRE/Hallstrom Team				

A total absorption period for the subject multifamily units would be between 8.5-years and 13.5-years, with a mid-point at 11.0 years. This equates to an average regional market capture rate of 58 percent for this unit type during the exposure period with an average annual absorption of 109 units.

Correlation of the three absorption quantification techniques indicates the 1,200-proposed long-term residential rental apartment units of the Pulelehua project will achieve full absorption within approximately 10.5 to 11.0-years of initial pre-sale offerings, which are anticipated to commence in 2019 with initial closings in 2020 and reach full-absorption/build-out in 2029.

Analysis of the Commercial/Retail Component

The Pulelehua master plan includes a minor commercial/retail component envisioned to have 70,000 square feet of gross leasable area spread among two development pads totaling 17.5 acres on either side of Akehele Street (the airport access drive) at Honoapiilani Highway. Based on the pads relative sizes we estimate the northerly pad will support some 50,000 square feet of floor area and the southerly pad about 20,000 square feet. The overall Floor Area Ratio will be an extremely low .092.

The intent of the commercial/retail component is to service the needs of the Pulelehua community residents, not to be competitive within the overall regional market. Based on the average Maui per capita demand for commercial/retail space at 36.0 square feet per person and typical capture rates for “neighborhood retail”, “service commercial/medical” and “support/other commercial” space types, with nominal additional demand from on-site workers, passersby and residents of nearby development, we conservatively estimate there will be in-place demand for more than the 70,000 square feet of proposed space. As shown on the table below.

SUMMARY OF NEIGHBORHOOD COMMERCIAL SPACE DEMAND CREATED BY SUBJECT RESIDENTS AT BUILD-OUT		
1. Stabilized Subject Population		
Full-Time Residents (2.55 persons per household)		3,060
Full Time Equivalent On-Site Workers		231
2. Project Resident Per Capita Demand for Commercial Space (in Gross Square Feet per Person)		
Total for All Commercial Needs (1)		36.0
"Neighborhood Retail" Space Demand as Percent of Total		55%
Total Per Capita "Neighborhood Retail" Commercial Space Demand in Square Feet		19.8
Allowance for "Service Commercial/Medical" Space (20% of Neighborhood demand)		4.0
Allowance for "Support/Other/Destination Commercial" Space (10% of Neighborhood demand)		2.0
Total Per Capita Floor Space Demand for Resident-Oriented/Neighborhood Commercial Space		25.7
Capture Rate of In-Project Resident Neighborhood Demand		80.0%
Total Floor Space Demand for Resident-Oriented/Neighborhood Commercial Space		63,012
3. Project Worker Resident Per Capita Demand for Commercial Space (in Gross Square Feet per Person)		
Estimated Percent of Workers not Residing in Project		85.0%
Non-Resident Workers Patronizing Subject Commercial Businesses		196
Total Per Capita Floor Space Demand by Workers for Neighborhood Commercial Space (2)		6.4
Total Floor Space Demand by Workers for Neighborhood Commercial Space		1,264
3. Indicated Subject Commercial Floor Space Demand (in SF)		
From Subject Project Resident and Worker Population		64,275
Patronage From Other Sources	% of Community Demand	
Nearby Population in Non-Subject Projects	5%	3,214
Passer-Bys/Intercept and Others	10%	6,428
Total Estimated Gross Floor Space Demand at Stabilization		73,916
(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.		

Economic Impacts of the Proposed Development

The tables containing the data, analysis and modeling comprising this section of our study are contained in Addenda Exhibit C, including the full-size print-outs of those excerpted into the narrative section.

The development of Pulelehua will result in significant expenditures that will favorably impact the Maui economy on both a direct and indirect basis, increasing the level of capital investment and capital flow in the region, which will in turn create employment and widen the tax base.

From a direct perspective, the proposed 1,200 apartment units and 70,000 square feet of commercial space will create numerous construction, equipment operator and specialty trade jobs on- and off-site, directly and indirectly, during the planning and emplacement of the infrastructure, and building of the improvements.

After completion of the common systems and vertical construction during a multi-increment development period, there will be permanent employment positions created by the commercial/retail businesses, apartment rental business, and community association administration and maintenance personnel (landscape, service, maintenance, and renovation needs during their use).

Numerous local businesses will see significant profit opportunities arising for contracting companies constructing the improvements, and for local businesses which would supply a substantial portion of the materials needed in the building efforts.

The general island economy also will benefit from the subject development, as its residents and employees will spend their discretionary income in shops, restaurants, and service establishments throughout Maui, and in purchasing goods and services.

Indirectly, as these wages, profits, and expenditures move through the regional economy, they will have a ripple, or "multiplier," effect which increases the amount of capital flowing to the entire community resulting from the development of the subject.

Construction, operational and other workers earning wages via Pulelehua development and associated off-site/supporting efforts will spend most of their income on living and entertainment expenses while supporting and patronizing other island businesses. Much of this spending would be re-directed by these businesses to other island industries, and significant portions of these secondary profits would in turn be put back through the region's economic and tax structure.

These substantial direct and indirect economic impacts associated with the proposed subject project, as quantified following, are all the result of the capital investment and entrepreneurship necessary to convert undeveloped, fair/poor quality agricultural lands into a moderate intensity multifamily residential project. The Maui County economy will be meaningfully stimulated by the capital investments, population/user spending and business operations of the development.

Our economic analysis was based on a 12-year build-out, absorption and stabilization period (2018 through 2028), within a 13-year modeling/projection period (2018 through 2030). The entitlement and construction could possibly take a shorter or longer period; however, whether full development takes 8 or 12 years, the economic impact during the build-out period and stabilized "operation" of the community and its resident population will be the same following completion. As constant, uninflated 2017 dollars are used throughout the model, time is not a significant variable in the analysis.

The life-span of the project from final approvals through build-out and stabilization are summarized in the following table.

PROJECTED BUILD-OUT AND ABSORPTION OF PULELEHUA APARTMENT PROJECT									
Residential Component									
Year		Phase Being Constructed	Units Completed	Workforce Rentals		Market Rentals		Total Inventory	
Estimated Calendar	Project			Annually	Cumulative	Annually	Cumulative	Annually	Cumulative
2018-19	1 & 2	Phase I	Final approvals/entitlements achieved in 2018, initial grading/site work and infrastructure emplacement commences and is completed by early-2019. Phase I vertical construction begins in mid-2019 with unit reservations/lottery beginning commensurately. First product completed and available for occupancy in 2020.						
2020	3	Phase I	120	40	40	110	110	150	150
2021	4	Phase I/II	150	25	65	95	205	120	270
2022	5	Phase II	120	25	90	95	300	120	390
2023	6	Phase II/III	120	25	115	95	395	120	510
2024	7	Phase III	120	25	140	95	490	120	630
2025	8	Phase III/IV	120	25	165	95	585	120	750
2026	9	Phase IV	120	25	190	95	680	120	870
2027	10	Phase IV/V	120	25	215	95	775	120	990
2028	11	Phase V	120	25	240	95	870	120	1,110
2029	12	Phase V	90		240	90	960	90	1,200
Total			1,200						

Commercial Component			
Neighborhood or Phase	Gross Leaseable Area in Square Feet	Year Built	Years to Absorb
Kahanaiki/Phase I	50,000	2020	2
Central/Phase II	20,000	2022	1
Total	70,000		3

Source: CBRE/Hallstrom Team

It is anticipated that final approvals, surveys and planning will require approximately 14 months (through 2018), the initial phase of site work and infrastructure will begin in 2019, vertical construction and pre-sales/pre-leasing will commence in 2019, with occupancy and use commencing in 2020. Completion and total absorption and full-occupancy would be completed by 2029.

CAPITAL INVESTMENT AND CONSTRUCTION COSTS

The subject will bring an estimated \$310 million in direct development capital into Maui over the build-out period for the project, as shown below.

PROPOSED DEVELOPMENT SCHEDULE AND ESTIMATED CONSTRUCTION COSTS				
All Amounts Expressed in Constant 2017 Dollars				
Project Year	Development Period			Totals During Build-Out
	2017 to 2020	2021 to 2025	2026-2030	
Project Phase	Phase I	Phase II & III	Phase IV & V	
Infrastructure Emplacement	\$15,000,000	\$10,000,000	\$5,000,000	\$30,000,000
Commercial Construction	\$21,428,571	\$8,571,429		\$30,000,000
Residential Component				
Rental Apartment Units	\$25,000,000	\$131,250,000	\$93,750,000	\$250,000,000
TOTAL PERIODIC CONSTRUCTION COSTS	\$61,428,571	\$149,821,429	\$98,750,000	\$310,000,000
Contractor Profits	\$6,142,857	\$14,982,143	\$9,875,000	\$31,000,000
Supplier Profits	\$2,457,143	\$5,992,857	\$3,950,000	\$12,400,000

Infrastructure cost estimates prepared by Maui Oceanview LP and planning team members, are forecast at \$30.0 million, excluding design, entitlement and indirect expenses incurred in the islands.

Vertical construction costs would total \$250 million during modeling period. This is based on construction costs averaging \$208,333 per unit (from Maui Oceanview).

The development costs are not intended to be indicative of the selling prices or rental rates for the respective units, as the developer may elect to allocate base costs in a far different matter. The cost estimates are intended to be “all in”.

Pulelehua development will infuse on average an anticipated \$25.8 million annually into the Maui building industry on average over the 12-year build-out period.

DIRECT BUSINESS PROFITS FROM CONSTRUCTION

While a significant percentage of the materials needed to build the subject infrastructure, clubhouse facility, and residential and commercial structures must be imported to Maui, a portion of the construction costs spent in the development will directly flow to local businesses in the form of contractor profits and supplier profits.

Typically, within the industry net contractor profit margins are expected to be at 8 to 20 percent of total construction costs. We have used a conservative ten percent figure. Supplier profits were extrapolated at four percent of total costs

The total Contractor's Profit generated by Pulelehua for local building companies will average some \$2.6 million per year, with a cumulative profit of \$31 million over the construction period. The total annual Supplier's Profit would be some \$1 million equating to \$12.4 million in aggregate.

EMPLOYMENT OPPORTUNITIES CREATED

Based on indicators provided by the construction of comparable sized projects and Hawaii industry averages, we have estimated the demand for on- and off-site, direct and indirect, full-time equivalent employment positions associated with laying of initial infrastructure systems, construction of the units, and the on-going commercial/retail businesses and the apartment business (and its community association efforts) in the project.

The construction, operating economic activities, and indirect/off-site employment opportunities created by the subject development will not all be "new" jobs requiring new Maui residents, but will be vitally needed new opportunities for in-place resident construction trade workers and existing local businesses. The jobs associated with the commercial/retail tenants and apartment business operations will represent an expansion of the employment pool.

It is assumed the off-site/indirect work created will be steered towards existing Maui supply, equipment providers.

The following table summarizes our worker-years, full-time equivalent (FTE) projections for Pulelehua during build-out and on a stabilized on-going annual basis thereafter.

ESTIMATED YEARLY FULL-TIME EQUIVALENT EMPLOYMENT POSITIONS CREATED BY DEVELOPMENT				
Project Year	Development Period			Totals During Build-Out
	2017 to 2020	2021 to 2025	2026-2030	
Project Increment	Phase I	Phase II & III	Phase IV & V	
Infrastructure Employment (1)	38	25	13	75
Commercial Construction (2)	86	34		120
Residential Component				
Rental Apartments (1)	125	656	469	1,250
Total Periodic Construction Jobs	248	716	481	1,445
On-Going Business Employment				
Commercial Worker Years (3)		686	1,000	1,686
Total FTE Jobs in Place at End of Period		200	200	200
Maintenance & Common Element (4)		76	141	217
Total FTE Jobs in Place at End of Period		22	31	31
Total Periodic On-Going Business Jobs		762	1,141	1,903
Total FTE Jobs in Place at End of Period		222	231	231
Off-Site Employment (5)	83	492	541	1,116
Total FTE Jobs in Place at End of Period		74	77	77
TOTAL PERIODIC WORKER YEARS	331	1,970	2,163	4,464
TOTAL END-OF-PERIOD PERMANENT JOBCOUNT		296	308	308

(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 \$200,000 in costs.

(2) Employment estimated at 1 full-time-equivalent worker for every 350 square feet of gross floor area. First stores opening in 2021.

(4) Includes community common element management administration, security, landscaping and maintenance staff of 19 FTE jobs. Plus ratio of one full-time-equivalent outside maintenance/repair worker for every 100 units.

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

Source: CBRE/Hallstrom Team

A total of 1,445 worker-years of employment in the construction trades will be needed for developing Pulelehua.

The commercial/retail businesses will have worker-years totaling 1,686 during the modeling period and 200 per year thereafter

The apartment business/community association and maintenance worker-years will total 217 during the modeling period and 31 per year thereafter.

Off-Site/Indirect/Secondary employment created by Pulelehua will total 1,116 worker-years from 2019 through 2030 and 77 FTE positions per year as stabilized.

WAGE INCOME GENERATED

In accordance with data compiled by the state Department of Labor and Industry Relations, as tempered through our analysis, we have estimated the personal income (in the form of wages)

which will flow to Maui workers from Pulelehua construction and use. The results are shown on the table below.

ESTIMATED YEARLY EMPLOYEE WAGES CREATED BY DEVELOPMENT				
All Amounts Expressed in Constant 2017 Dollars				
Project Year	2017 to 2020	2021 to 2025	2026-2030	Totals During Build-Out
Project Increment	Phase I	Phase II & III	Phase IV & V	
Infrastructure Emplacement (1)	\$2,964,000	\$1,976,000	\$988,000	\$5,928,000
Residential Construction				
Rental Apartments (1)	\$9,880,000	\$51,870,000	\$37,050,000	\$98,800,000
Total Periodic Construction Wages	\$12,844,000	\$53,846,000	\$38,038,000	\$104,728,000
On-Going Business Wages				
Commercial (2)		\$22,820,571	\$33,280,000	\$56,100,571
Maintenance & Common Element (3)		\$3,159,520	\$5,867,680	\$9,027,200
Total Periodic On-Going Business Wages		\$25,980,091	\$39,147,680	\$65,127,771
Off-Site Employment Wages (4)	\$4,474,476	\$26,628,992	\$29,244,661	\$60,348,130
TOTAL PERIODIC WAGES	\$17,318,476	\$106,455,083	\$106,430,341	\$230,203,901
				Stabilized Annually
				\$6,656,000
				\$1,289,600
				\$7,945,600
				\$4,164,160
				\$12,109,760

(1) Average annual wage for full-time-equivalent construction worker (all trades) at \$79,040 (\$38/hour X 2,080 hours).
 (2) Average annual wage for full-time-equivalent retail & restaurant workers at \$33,300 (\$16/hour).
 (3) Average annual wage for full-time-equivalent maintenance and security workers at \$41,600 (\$20/hour).
 (4) Average annual wage for full-time-equivalent general worker at \$54,080 (\$26/hour), the average wage for all "Total Private Workers" in the state.

Wages taken from State of Hawaii "Hawaii Workforce Infonet" "Publications and Tables> Production Worker H&E Data Hours and Earnings" for 2016.

Source: CBRE/Hallstrom Team

Total construction wages paid during build-out will be \$104.7 million.

Total commercial/retail employee wages during the modeling period will be \$56.1 million and stabilize at \$6.7 million thereafter.

Total apartment business/association and maintenance employee wages during the modeling period will be \$9.0 million and stabilize at \$1.3 million thereafter.

Off-sits/indirect employee wages will total \$60.5 million during build-out and be \$4.2 million annually on a stabilized basis.

POPULATION, INCOME AND EXPENDITURES

The units of Pulelehua will all be primary residences, with the apartments being 100 percent occupied by Maui residents. These resident households will constitute the population of the

project, whose income and discretionary expenditures will create major positive impacts on the Maui economy.

We have quantified these focal statistics within the modeling process. The results are shown on the table below.

ESTIMATED DE FACTO POPULATION, RESIDENT HOUSEHOLD INCOME AND DISCRETIONARY EXPENDITURES				
All Amounts Expressed in Constant 2017 Dollars				
	Development Period			Total During Build-Out
	2017 to 2020	2021 to 2025	2026-2030	
Project Increment	Phase I	Phase I, II & III	Phase IV & V	
Workforce/Affordable Apartment Units				
Number of Periodically Rented	40	150	50	
Cumulative Units Rented	40	190	240	
Percent of Total Units in Project	3%	16%	20%	
Average Household Size	2.55	2.55	2.55	
Total Residents End of Each Period	102	485	612	
Market-Priced Apartment Units				
Number of Periodically Rented	110	475	375	
Cumulative Units Rented	110	585	960	
Percent of Total Units in Project	9%	49%	80%	
Average Household Size	2.55	2.55	2.55	
Total Residents End of Each Period	281	1,492	2,448	
Total Resident Population End of Period	383	1,976	3,060	
Average Number of Residents Each Project Year During Period	383	1,179	2,120	
RESIDENT HOUSEHOLD INCOME (1)				
Annually (at end of period)	\$12,487,633	\$63,785,950	\$96,380,323	\$96,380,323
Periodic	\$12,487,633	\$190,683,959	\$400,415,684	
TOTAL DISCRETIONARY EXPENDITURES (2)				
Annually (at end of period)	\$6,243,817	\$31,892,975	\$48,190,162	\$48,190,162
Periodic	\$6,243,817	\$95,341,979	\$200,207,842	
Stabilized Figure =				

(1) The median household income for Maui is estimated at \$82,600 for 2017. The estimated average household income for the "workforce" rental units is at 86.6% of Maui median (according to workforce housing ordinance formula), or \$71,515 per year. For the market rental units the average household income is estimated at 139.9% of the Maui median, or \$115,524 per year. The market rental household incomes could stretch higher, but above these levels there are widespread housing alternatives throughout West Maui.

(2) Estimated at 50% of resident household incomes.

Source: CBRE/Hallstrom Team

It is projected the average apartment renter household size will be 2.55. The total resident population in the project at build-out and full absorption will be 3,060 persons.

During occupancy in the build-out period, the total resident household income will be \$400.4 million, and at \$96.4 million annually thereafter.

We estimate the resident households will spend about 50 percent of their total income on discretionary items (a figure at the lower-end of the overall market range in keeping with the moderate household incomes of the residents), with the remainder going towards mortgage debt service and fixed expenses.

By build-out, the total resident population discretionary expenditures made by subject project owners in the local market will be at \$49.5 million annually on a stabilized basis, in 2017 dollars. During the development and stabilization model period, (through 2030), the total sum of these expenditures will be \$201.3 million.

OPERATING ECONOMIC ACTIVITY

We estimate the operating economic activity within the Pulelehua project will be substantial, comprised of the commercial/retail businesses and the on-going apartment business (with community association and maintenance responsibilities). The following table summarizes the calculations.

PROJECTED ON-SITE OPERATING ECONOMIC ACTIVITY					
All Amounts Expressed in Constant 2017 Dollars					
	2017 to 2020	2021 to 2025	2026 to 2030	Totals During Build-Out	Stabilized Annually
Project Increment	Phase I	Phase I, II & III	Phase IV & V		
<i>Commercial Businesses (1)</i>					
Annual Sales Activity at End-of-Period	\$18,750,000	\$47,250,000	\$52,500,000		\$52,500,000
Total Sales Activity During Period	\$18,750,000	\$210,262,500	\$262,500,000	\$491,512,500	
In-Project De Facto Population Patronage %	50%	75%	87%		
<i>In-Project Patronage Expenditures</i>					
Annual at End-of-Period	\$9,375,000	\$35,437,500	\$45,675,000		\$45,675,000
Total During Period	\$9,375,000	\$157,696,875	\$228,375,000	\$395,446,875	
<i>Outside Project Patronage Expenditures</i>					
Annual at End-of-Period	\$9,375,000	\$11,812,500	\$6,825,000		\$6,825,000
Total During Period	\$9,375,000	\$52,565,625	\$34,125,000	\$96,065,625	
<i>Maintenance & Common Element (2)</i>					
Annual Activity at End-Of-Period	\$450,000	\$1,350,000	\$1,800,000		\$1,800,000
Total Activity During Period	\$450,000	\$6,007,500	\$9,000,000	\$15,457,500	
<i>Rental Apartment Operations (3)</i>					
Annual Rental Revenues at End-of-Period	\$4,606,500	\$22,132,500	\$31,452,000		\$31,452,000
Total Revenue Activity During Period	\$4,606,500	\$64,653,000	\$139,802,700	\$209,062,200	
ANNUAL ACTIVITY AT END-OF-PERIOD	\$23,806,500	\$70,732,500	\$85,752,000		\$85,752,000
TOTAL DURING PERIOD	\$23,806,500	\$280,923,000	\$411,302,700	\$716,032,200	

(1) Estimated based on average annual sales of \$750 per square foot for 70,000 gross leasable square feet of commercial space..

(2) Estimated at 150% of operational employee wages costs (central element and maintenance).

(3) Based on forecast net rents paid to apartment owners, less maintenance and common element costs.

Source: Hallstrom Team/CBRE

During the modeling period (through 2030) these items are projected to total about \$716.0 million and stabilize at \$85.8 million annually, with the majority being associated with the commercial/retail business and apartment business rents and operations.

SUMMARY OF DIRECT, LOCAL ECONOMIC IMPACTS

As correlated on the table below, annual Total Base Economic Impact on a stabilized after build-out will be \$74.8 million per year. During the development period, the aggregate total is \$1.0 billion.

SUMMARY OF ECONOMIC IMPACTS ASSOCIATED WITH DEVELOPMENT					
All Amounts Expressed in Constant 2017 Dollars					
	2017 to 2020	2021 to 2025	2026 to 2030	Totals During Build-Out	Stabilized Annually
Project Increment	Phase I	Phase I, II & III	Phase IV & V		
<i>Construction Activity</i>					
Construction Wages	\$12,844,000	\$53,846,000	\$38,038,000	\$104,728,000	
Contractor Profits	\$6,142,857	\$14,982,143	\$9,875,000	\$31,000,000	
Supplier Profits	\$2,457,143	\$5,992,857	\$3,950,000	\$12,400,000	
Other Construction Costs	<u>\$39,984,571</u>	<u>\$75,000,429</u>	<u>\$46,887,000</u>	<u>\$161,872,000</u>	
Total Construction Impact	\$61,428,571	\$149,821,429	\$98,750,000	\$310,000,000	
<i>On-Site Business Activity</i>					
Commercial/Retail Sales	\$18,750,000	\$210,262,500	\$262,500,000	\$491,512,500	\$52,500,000
Maintenance & Common Element	\$450,000	\$6,007,500	\$9,000,000	\$15,457,500	\$1,800,000
Rental Apartment Operations	<u>\$4,606,500</u>	<u>\$64,653,000</u>	<u>\$139,802,700</u>	<u>\$209,062,200</u>	<u>\$31,452,000</u>
Total Business Impact	\$23,806,500	\$280,923,000	\$411,302,700	\$716,032,200	\$85,752,000
TOTAL BASE ECONOMIC IMPACT					
Total During Period	\$85,235,071	\$430,744,429	\$510,052,700	\$1,026,032,200	\$85,752,000

Source: Hallstrom Team/CBRE

Not all this spending will be "new" to Maui. Virtually all the full-time resident spending will merely be relocated from one area or store to another; if moved at all.

STATE INPUT/OUTPUT MODEL

We have also analyzed the impacts of the project for Maui and Statewide using the 2012 *Hawaii Inter-County Input-Output Economic Study* (approved August 2016) Type II multipliers for the County of Maui. These factors quantify the total Direct, Indirect and Induced "effects" of various forms of business and spending activity as it flows through the economy of the islands.

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

Among the outputs using the State method, summarized on the subsequent tables:

- The \$310 million in cumulative Pulelehua construction costs will generate a total State Economic Output of \$623.1million during build-out with subsequent economic activity averaging \$141.9 million annually on a stabilized basis.
- Direct subject construction wage earnings of \$201 million will yield \$325.7 million in statewide wage earnings during build-out and on-going earnings activity will generate \$110.8 million during the modeling period and \$19.7 million each stabilized year.
- Indirect and induced State taxes during build-out will total \$31.7 million during construction and \$4.3 million annually thereafter.
- Direct effect jobs created by construction employment will be 1.61 times the number of on-site workers, or a total of 2,327 worker years of employment. The on-going business activity will generate 2,203 jobs state wide through 2030 and 404 annually thereafter.

ESTIMATES OF TOTAL ECONOMIC IMPACT FROM SUBJECT CONSTRUCTION USING INPUT-OUTPUT STUDY "TYPE II" MAUI COUNTY MULTIPLIERS All Amounts Expressed in Constant 2017 Dollars				
Year	Development, Leasing & Stabilization Period			Totals During Build-Out
	2017 to 2020	2021 to 2025	2026 to 2030	
<u>Construction Costs</u>	\$61,428,571	\$149,821,429	\$98,750,000	\$310,000,000
1. Economic Output Multiplier	2.01	2.01	2.01	2.01
Total State Economic Output	\$123,471,429	\$301,141,071	\$198,487,500	\$623,100,000
2. Earnings Multiplier	0.68	0.68	0.68	0.68
Total Increase in State Earnings	\$41,771,429	\$101,878,571	\$67,150,000	\$210,800,000
3. State Tax Multipliers	0.1024	0.1024	0.1024	0.1024
Total Increase in State Taxes	\$6,290,286	\$15,341,714	\$10,112,000	\$31,744,000
4. Total Job Multipliers	9.40	9.40	9.40	9.40
Total State Jobs Created	577.4	1,408.3	928.3	2,914.0
<u>Construction Employment</u>	248	716	481	1,445
5. Direct-Effect Job Multipliers	1.61	1.61	1.61	1.61
Total Direct Jobs Created	399.6	1,152.0	774.8	2,326.5
<u>Construction Wages</u>	\$81,262,563	\$99,820,218	\$19,935,542	\$201,018,323
6. Direct-Effect Earnings	1.62	1.62	1.62	1.62
Total Increase in Direct Earnings	\$131,645,353	\$161,708,754	\$32,295,578	\$325,649,684

Source: 2012 Hawaii Inter-County Input-Output Study (approved August 2016), and CBRE/Hallstrom Team

ESTIMATES OF TOTAL ECONOMIC IMPACT FROM SUBJECT OPERATIONS
 USING INPUT-OUTPUT STUDY "TYPE II" MAUI COUNTY MULTIPLIERS (1)
 All Amounts Expressed in Constant 2017 Dollars

Year	Development, Leasing & Stabilization Period			
	2017 to 2020	2021 to 2025	2026 to 2030	Stabilized Annually
<u>Operating Revenues</u>	\$23,806,500	\$280,923,000	\$411,302,700	\$85,752,000
1. Economic Output Multiplier	1.66	1.66	1.66	1.66
Total State Economic Output	\$39,399,758	\$464,927,565	\$680,705,969	\$141,919,560
2. Earnings Multiplier	0.44	0.44	0.44	0.44
Total Increase in State Earnings	\$10,474,860	\$123,606,120	\$180,973,188	\$37,730,880
3. State Tax Multipliers	0.0503	0.0503	0.0503	0.0503
Total Increase in State Taxes	\$1,198,062	\$14,137,450	\$20,698,808	\$4,315,469
4. Total Job Multipliers	10.68	10.68	10.68	10.68
Total State Jobs Created	254.1	2,998.9	4,390.7	915.4
<u>Operating Employment</u>	83	1,254	1,682	308
5. Direct-Effect Job Multipliers	1.31	1.31	1.31	1.31
Total Direct Jobs Created	108.4	1,642.8	2,203.2	403.5
<u>Operating Wages</u>	\$4,474,476	\$52,609,083	\$68,392,341	\$12,109,760
6. Direct-Effect Earnings	1.62	1.62	1.62	1.62
Total Increase in Direct Earnings	\$7,248,651	\$85,226,715	\$110,795,593	\$19,617,811

(1) Multipliers are taken from two categories and weighted based on economic activity relationship, with 75% weighting to "Retail Trade" multipliers and 25% weighting to "Real Estate & Rentals" category.

Source: 2012 Hawaii Inter-County Input-Output Study (approved August 2016), and CBRE/Hallstrom Team

Public Fiscal (Costs/Benefits) from the Proposed Development

The full-size tables depicting the modeling process summarized in this study section are presented in Addenda Exhibit D.

As previously noted, the households of Pulelehua do not represent "new" fiscal benefits flowing to, or increased funding costs spending from, the State of Hawaii and County of Maui.

It is assumed the Pulelehua household income and spending which would generate tax dollars is already effectively in-place on the island, and the cost of providing government services to them is already being absorbed. The issue is just the relocation of economic and public activity to the West Maui community from elsewhere on Maui.

The exception is for real property taxes, as the "new" apartment units and commercial buildings at Pulelehua will mean increased real property assessments and taxes for the County; while their previous homes/units will continue producing assessments and real property taxes that would be paid by a subsequent owner.

Similarly, the on-going commercial/retail activity and apartment business (with community association and maintenance/renovation costs) are new to the State and County and included in the model.

Essentially, from a household income and discretionary spending perspective, the full-time resident population of Pulelehua is assumed to live on Maui prior to their residing at the subject project 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.

However, even when excluding the taxes on wages and spending by existing residents already integrated within the governmental tax base, Maui County and the State of Hawaii will still receive millions of dollars in "new" tax receipts from the construction and stabilized operation of Pulelehua from numerous revenue sources.

The purpose of this assessment is to delineate the direct areas in which the construction and long-term operation of Pulelehua will potentially provide new benefits to the public "purse."

For the County, the primary new tax source will be from Real Property Taxes paid by the owners of the new subject residential inventory. Real Property Tax assessments were assumed to be at the total per unit cost (for infrastructure and vertical construction) presented foregoing with an allowance of 10 percent for the land component.

The total net assessed value of the Pulelehua properties and associated real property taxes based on current tax rates for residential and commercial properties during the build-out period and on a stabilized basis are shown below.

PUBLIC COST AND BENEFITS ASSESSMENT ASSOCIATED WITH THE PROPOSED LELEHUA COMMUNITY					
All Amounts Expressed in Constant 2017 Dollars					
Development Period	Development, Leasing & Stabilization Period			Totals During Build-Out Period	Stabilized Annually After Build-out
	2017 to 2020	2021 to 2025	2026 to 2030		
PUBLIC BENEFITS (Revenue)					
1. COUNTY REAL PROPERTY TAXES					
<i>Assessed Value</i>					
Vacant Site	\$12,390,300				
Commercial (at Construction Cost plus 10% for land)		\$33,000,000	\$33,000,000		\$33,000,000
Rental Apartment Project (at Construction Cost plus 10% for land)		\$171,875,000	\$275,000,000		\$275,000,000
Total Assessed Value	\$12,390,300	\$204,875,000	\$308,000,000		\$308,000,000
<i>Real Property Taxes</i>					
Vacant Site	\$68,642				
Commercial		\$217,800	\$217,800		\$217,800
Rental Apartment Project		\$1,086,250	\$1,738,000		\$1,738,000
Total Annual Property Taxes (End of Period)	\$68,642	\$1,304,050	\$1,955,800		\$1,955,800
Total Real Property Taxes During Period	\$343,211	\$3,477,925	\$8,041,000	\$11,862,136	

Source: CBRE/Hallstrom Team

We estimate the County will receive some \$11.8 million in real property tax receipts during the build-out/projection period from 2017 through 2030 and annual collections of \$1.9 million on a stabilized basis thereafter.

Real Property Taxes (RPT) are forecast to generate about 35.2 percent of total Maui County General Fund revenues in the 2017-18 fiscal-year budget, with secondary taxes and fees the forming the remainder. It is logical to assume the Pulelehua 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 an additional 185 percent of the RPT total (64.8% divided by 35.2%).

Application of this ratio (2.43 to 1.00) to the Pulelehua property tax sum, plus inclusion of an estimated \$6.0 million in traffic impact fees, results in a cumulative total estimated County tax collection from the subject of \$39.7 million during the initial projection period to 2030, and \$5.6 million annually on a stabilized basis.

The State of Hawaii will receive an estimated \$18.4 million in primary receipts from State Income Taxes from worker wages, and profits from 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. This represents only new/added taxable items resulting from Pulelehua and does not include the resident household incomes.

On an annualized basis after stabilization of the community in 2030, the State will generate income taxes of \$1.2 million. The State income tax portion of the public fiscal benefits model is shown following.

PUBLIC COST AND BENEFITS ASSESSMENT ASSOCIATED WITH THE PROPOSED LELEHUA COMMUNITY					
All Amounts Expressed in Constant 2017 Dollars					
Development Period	Development, Leasing & Stabilization Period			Totals During Build-Out Period	Stabilized Annually After Build-out
	2017 to 2020	2021 to 2025	2026 to 2030		
INCLUDES ONLY THOSE TAXES WHICH ARE "NEW" TO MAUI AS RESULT OF THE PROJECT					
2. STATE INCOME TAXES					
Taxable Personal Income (Wages Only, No Household Income)	\$17,318,476	\$106,455,083	\$106,430,341	\$230,203,901	\$12,109,760
Taxable Corporate Profits	\$12,170,975	\$63,113,450	\$75,520,405	\$150,804,830	\$12,862,800
Personal Taxes Paid	\$883,242	\$5,429,209	\$5,427,947	\$11,740,399	\$617,598
Corporate Taxes Paid	\$535,523	\$2,776,992	\$3,322,898	\$6,635,413	\$565,963
TOTAL STATE INCOME TAXES	\$1,418,765	\$8,206,201	\$8,750,845	\$18,375,811	\$1,183,561

As seen below, the State will collect Gross Excise Taxes (GET) of 4.166 percent on the gross amount of building contracts, construction supplies, spending by workers and residents, and from the on-going business activity (association and maintenance). During the construction, absorption and ramp-up period these receipts will total \$18.7 million and a stabilized amount of \$302,700 annually.

PUBLIC COST AND BENEFITS ASSESSMENT ASSOCIATED WITH THE PROPOSED LELEHUA COMMUNITY					
All Amounts Expressed in Constant 2017 Dollars					
Development Period	Development, Leasing & Stabilization Period			Totals During Build-Out Period	Stabilized Annually After Build-out
	2017 to 2020	2021 to 2025	2026 to 2030		
INCLUDES ONLY THOSE TAXES WHICH ARE "NEW" TO MAUI AS RESULT OF THE PROJECT					
3. STATE GROSS EXCISE TAX					
Taxable Transactions					
Construction Contracts	\$61,428,571	\$149,821,429	\$98,750,000	\$310,000,000	
Worker Disposable Income Purchases (Wages Only, No Household Income)	\$10,391,086	\$63,873,050	\$63,858,205	\$138,122,341	\$7,265,856
Total Taxable Transactions	\$71,819,657	\$213,694,479	\$162,608,205	\$448,122,341	\$7,265,856
TOTAL STATE EXCISE TAX	\$2,992,510	\$8,904,008	\$6,775,396	\$18,671,914	\$302,746

In recent fiscal years, Income Tax and GET have generated about 46 percent of total State revenues, and secondary taxes and fees the remainder. We anticipate Pulelehua will have the same proportionate impact to the primary sources quantified.

The secondary State receipts are equal to 1.17 times the Income Tax and GET totals (54% divided by 46%).

Application of this ratio to the Pulelehua income tax and GET sums, and addition of the \$1.75 million contractually-agreed payment to the Department of Education, results in a cumulative total estimated tax collection from the subject of \$82.1 million during the initial forecasting period through 2030, and \$3.2 million annually on a stabilized basis.

The following table summarizes the cumulative County of Maui and State of Hawaii fiscal benefits arising from the development of Pulelehua.

Development Period	Development, Leasing & Stabilization Period			Stabilized Annually After Build-out
	2017 to 2020	2021 to 2025	2026 to 2030	
TOTAL GROSS PUBLIC REVENUES				
To County of Maui (Item #1)	\$343,211	\$3,477,925	\$8,041,000	\$11,862,136
Adjustment for Other Proportional Taxes (1)	2.84	2.84	2.84	2.84
Adjusted Maui County Revenues	\$974,720	\$9,877,307	\$22,836,440	\$33,688,467
Plus Impact Fees (2)	\$6,000,000	\$0	\$0	\$6,000,000
Total County of Maui Receipts	\$6,974,720	\$9,877,307	\$22,836,440	\$39,688,467
To State (Items #2 & #3)				
Adjustment for Other Proportional Taxes (3)	\$4,411,275	\$17,110,209	\$15,526,241	\$37,047,725
Adjusted State Revenues	2.17	2.17	2.17	2.17
Plus Impact Fees (4)	\$9,572,466	\$37,129,153	\$33,691,944	\$80,393,563
Total State of Hawaii Receipts	\$1,748,400	\$0	\$0	\$1,748,400
	\$11,320,866	\$37,129,153	\$33,691,944	\$82,141,963
AGGREGATE TAX REVENUES	\$12,295,587	\$47,006,460	\$56,528,384	\$115,830,430

(1) Real property taxes comprise 35.2 percent of General Fund in the County of Maui 2017-18 budget. Economic activity generates other revenue items of 64.8 percent or additional 184 percent above real property taxes, or multiplier of 2.84.

(2) Includes Traffic Impact Fee of \$5,000 per unit.

(3) Gross Excise and Income Taxes comprise 46 percent of collected Executive Branch State revenues; other revenue items 54 percent, or an additional 117% percent above income and gross excise taxes. Or a multiplier of 2.17.

(4) "Construction Cost Component" from negotiated agreement with Department of Education dated June 2006 at \$1,457 obligation per multifamily unit. Developers additionally making "Land Component" contribution.

Source: CBRE/Hallstrom Team



Assumptions and Limiting Conditions

1. CBRE, Inc. through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
 - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
 - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
 - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
 - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
 - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
 - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
 - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
 - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
 - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
 - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

- (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.

13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

ADDENDA

Addendum A

MARKET STUDY TABLES

Addendum A

MARKET STUDY TABLES

TABLE A-1

PROJECTED BUILD-OUT AND ABSORPTION OF PULELEHUA APARTMENT PROJECT

Year		Phase Being Constructed	Residential Component						
Estimated Calendar	Project		Units Completed	Workforce Rentals		Market Rentals		Total Inventory	
				Annually	Cumulative	Annually	Cumulative	Annually	Cumulative
2018-19	1 & 2	Phase I	Final approvals/entitlements achieved in 2018, initial grading/site work and infrastructure emplacement commences and is completed by early-2019. Phase I vertical construction begins in mid-2019 with unit reservations/lottery beginning commensurately. First product completed and available for occupancy in 2020.						
2020	3	Phase I	120	40	40	110	110	150	150
2021	4	Phase I/II	150	25	65	95	205	120	270
2022	5	Phase II	120	25	90	95	300	120	390
2023	6	Phase II/III	120	25	115	95	395	120	510
2024	7	Phase III	120	25	140	95	490	120	630
2025	8	Phase III/IV	120	25	165	95	585	120	750
2026	9	Phase IV	120	25	190	95	680	120	870
2027	10	Phase IV/V	120	25	215	95	775	120	990
2028	11	Phase V	120	25	240	95	870	120	1,110
2029	12	Phase V	90		240	90	960	90	1,200
Total			1,200		240		960		1,200

Commercial Component			
Neighborhood or Phase	Gross Leaseable Area in Square Feet	Year Built	Years to Absorb
Kahanaiki/Phase I	50,000	2020	2
Central/Phase II	20,000	2022	1
Total	70,000		3

Source: CBRE/Hallstrom Team

TABLE A-2

SELECTED WEST MAUI CENSUS DATA FOR PERIOD 2011 THROUGH 2015				
	Lahaina CDP	Kaanapali CDP	Launiupoko CDP	Napili-Honokowai CDP
Owner-Occupied (Percent of Total Units)	50.1%	82.8%	59.7%	40.6%
Renter-Occupied (Percent of Total Units)	49.9%	17.2%	40.3%	56.9%
Average Household Size Owner-Occupied Unit	3.74	2.18	2.75	2.45
Average Household Size Renter-Occupied Unit	3.21	2.42	2.32	2.35
Average Monthly Rent (1)	\$1,245	\$2,344	\$2,667	\$1,434
Percent of Rental Households Which Pay more than 35% of Income as Rent	44.4%	41.3%	39.4%	48.6%
(1) Gross figure. Average during years 2011 through 2015.				
Source: CBRE/Hallstrom Team				

TABLE A-3

2010 CENSUS DATA FOR WEST MAUI RESIDENT POPULATION, HOUSING UNITS AND HOUSEHOLD SIZES

Data Set	Resident Population 2010 Census	Total Housing Units Used by Residents	Average Resident Household Size	Total Units in Housing Inventory Including Second- Homes & TVUs	Percent of Total Units Which Are Second-Homes & TVUs
Maui County	158,834	53,131	2.99	71,722	34.99%
Zip Code 96761	22,156	7,759	2.86	11,928	53.73%
<i>By Major Census Designated Places</i>					
Olowalu CDP	80	35	2.29	40	12.50%
Launiupoko CDP	588	216	2.72	287	24.74%
Lahaina CDP	11,704	3,472	3.37	4,049	14.25%
Kaanapali CDP	1,045	465	2.25	1,806	74.25%
Napili-Honokowai CDP	7,261	2,729	2.66	4,284	36.30%
Kapalua CDP	353	207	1.71	927	77.67%
Totals	21,031	7,124	2.95	11,393	37.47%
<i>By West Maui Census Tract Data</i>					
314.02	3,003	844	3.56	928	9.05%
314.04	3,250	1,352	2.40	1,701	20.52%
314.05	5,491	1,355	4.05	1,443	6.10%
315.01	2,368	799	2.96	1,802	55.66%
315.02	5,036	2,128	2.37	3,230	34.12%
315.03	2,366	1,042	2.27	2,516	58.59%
320.00	994	435	2.29	895	51.40%
Totals	22,508	7,955	2.83	12,515	36.44%

Source: US Census 2010, CBRE/Hallstrom Team

TABLE A-4

QUANTIFICATION OF HOUSING UNIT DEMAND FOR WEST MAUI 2017 TO 2030 EXCLUDING TRANSIENT VACATION UNITS

Scenario	3rd QTR 2017	Projected West Maui Resident Population			Additional Units Required by 2030
		2020	2025	2030	
One: Minimum Based on Maui County General Plan 2030 Projection Series Percentile Periodic Growth					
Resident Population	25,530	26,857	28,851	30,831	
Average Annual Change		1.6%	1.5%	1.4%	
Average Household Size	2.85	2.82	2.78	2.74	
Total Resident Units Required	8,958	9,524	10,378	11,252	
Vacancy Allowance (3 % of resident unit demand)	269	286	311	338	
Non-Resident Purchaser Allowance (2)	1,845	2,158	2,565	3,013	
TOTAL MARKET UNIT DEMAND	11,072	11,967	13,255	14,603	5,728
Two: Maximum Based on Maui County General Plan 2030 Projection Series Absolute Growth to 2030 Figures					
Resident Population	25,530	27,956	31,693	36,058	
Average Annual Change		2.6%	2.6%	2.6%	
Average Household Size	2.85	2.81	2.76	2.71	
Total Resident Units Required	8,958	9,949	11,483	13,306	
Vacancy Allowance (3 % of resident unit demand)	269	298	344	399	
Non-Resident Purchaser Allowance (2)	1,845	2,357	3,075	4,111	
TOTAL MARKET UNIT DEMAND	11,072	12,604	14,902	17,816	8,941
CONCLUDED HOUSING UNIT DEMAND RANGE					
	<u>Latent Demand</u>	<u>2016-2020</u>	<u>2021-2025</u>	<u>2026-2030</u>	<u>Totals</u>
MINIMUM DEMAND					
Periodic	2,197	1,523	2,072	2,133	5,728
Cumulative		1,523	3,595	5,728	
Average Annual Demand (3)		381	414	427	
MAXIMUM DEMAND					
Periodic	2,197	2,160	3,083	3,698	8,941
Cumulative		2,160	5,243	8,941	
Average Annual Demand (3)		540	617	740	
MID-POINT DEMAND					
Periodic	2,197	1,841	2,578	2,915	7,335
Cumulative		1,841	4,419	7,335	
Average Annual Demand (3)		460	516	583	

Note: "Land Use Forecast, Island of Maui, Maui County General Plan 2030 Technical Resource Study" projects there is a need for 7,850 additional units needed by 2030 to meet the "2030 Resident and Non-Resident Housing Demand" (excluding condo units used as visitor accommodations), Table 3-3. This is a variation of 5.9% from our forecasts.

(1) There are an estimated 13,625 total single family and condominium units in West Maui, of which some 4,740 are used for vacation rentals, resulting in 8,885 being available to meet resident housing and second-home owner (non-vacation rental) demand.

(2) Non-Hawaii ownership represents 56% of all units in West Maui, many of which are used for vacation rentals. Among housing units they are estimated to comprise about 20 percent of all ownership at present and projected to increase to between 26% and 30% by 2030.

(3) Latent Demand is assumed to be absorbed equally throughout projection time-frame (by 2030).

Source: US Census, State DBEDT, Hawaii Information Service, County of Maui Planning Dept. and CBRE/Hallstrom Team

TABLE A-5

DIVISION OF PROJECTED DEMAND BY UNIT TYPE FOR HOUSING UNITS IN THE WEST MAUI STUDY AREA 2017 TO 2030

	Projection Period			Total Demand 2017-2030
	2017 to 2020	2021 to 2025	2026 to 2030	
<i>1. Using Minimum Demand Projections</i>				
Single Family Homes & Lots	929	1,326	1,386	3,642
Percent of Total	61%	64%	65%	64%
Multifamily Units	594	746	746	2,086
Percent of Total	39%	36%	35%	36%
Total	1,523	2,072	2,133	5,728
	100%	100%	100%	100%
<i>2. Using Maximum Projections</i>				
Single Family Homes & Lots	1,317	1,973	2,404	5,695
Percent of Total	61%	64%	65%	64%
Multifamily Units	842	1,110	1,294	3,247
Percent of Total	39%	36%	35%	36%
Total	2,160	3,083	3,698	8,941
	100%	100%	100%	100%
<i>Mid-Point</i>				
Single Family Homes & Lots	1,123	1,650	1,895	4,668
Multifamily Units	718	928	1,020	2,667
Total	1,841	2,578	2,915	7,335

Source: CBRE/Hallstrom Team

TABLE A-6

**STRATIATED PROJECTIONS OF HOUSING UNIT DEMAND BY PRICE
IN WEST MAUI STUDY AREA 2017 TO 2030**

Expressed in Constant 2017 Dollars

Period	Household Income as a % of Median Income (1)	Projection Period			Total Demand 2017-2030
		2017 to 2020	2021 to 2025	2026 to 2030	
1. Minimum Demand Forecasts					
Less Than \$365,000	80% or Less	426	539	512	1,477
Percent of Total Demand		28.00%	26.00%	24.00%	25.79%
\$365,000 to \$640,000	81% to 140%	366	497	512	1,375
Percent of Total Demand		24.00%	24.00%	24.00%	24.00%
\$640,000 to \$1,500,000	Above 140%	396	580	640	1,616
Percent of Total Demand		26.00%	28.00%	30.00%	28.21%
Over \$1,500,000	Above 140%	335	477	512	1,324
Percent of Total Demand		22.00%	23.00%	24.00%	23.11%
Total Market Demand		1,523	2,072	2,133	5,728
		100.00%	101.00%	102.00%	101.11%
2. Maximum Demand Forecasts					
Less Than \$365,000	80% or Less	605	802	888	2,294
Percent of Total Demand		28.00%	26.00%	24.00%	25.66%
\$365,000 to \$640,000	81% to 140%	518	740	888	2,146
Percent of Total Demand		24.00%	24.00%	24.00%	24.00%
\$640,000 to \$1,500,000	Above 140%	562	832	1,036	2,429
Percent of Total Demand		26.00%	27.00%	28.00%	27.17%
Over \$1,500,000	Above 140%	475	709	888	2,072
Percent of Total Demand		22.00%	23.00%	24.00%	23.17%
Total Market Demand		2,160	3,083	3,698	8,941
		100.00%	100.00%	100.00%	100.00%
<i>Median Housing Prices in West Maui (Through September 2017)</i>					
		Lahaina	Napili-Honokowai	Kaanapali	
Single Family Median Price		\$1,334,500	\$1,700,000	\$847,500	
Multi-Family Average Price		\$482,500	\$922,000	\$425,000	
Median Rent (2015)		\$1,245	\$1,434	\$2,344	
<p>Note: The estimated median household income for the Island of Maui (excluding Hana) in 2017 is \$82,600 for a four-person household; the accepted median baseline. Based on growth of 1.4%, the compounded average increase from 2012-2016, from 2016 level of \$81,500.</p> <p>(1) While quoted in sales prices the household incomes are also applicable to rental prices and general proportionate demand.</p>					
<p>Source: Maui County, DBEDT, MLS and CBRE/Hallstrom Team</p>					

TABLE A-7

ISLAND OF MAUI (EXCEPT HANA) WORKFORCE/AFFORDABLE RENTAL LIMITS GUIDELINES FOR 2017



Prepared by:
HOUSING DIVISION
DEPARTMENT OF HOUSING AND HUMAN CONCERNS (DHHC)
COUNTY OF MAUI

Effective: April 21, 2017

2017
INCOME LIMITS & AFFORDABLE RENT GUIDELINES
MAUI (EXCEPT HANA)

INCOME LIMITS FOR RENTAL UNITS (BY FAMILY SIZE & PERCENTAGE OF MEDIAN FAMILY INCOME)

% of Median	1 PERSON 0.7	2 PERSON 0.8	3 PERSON 0.9	4 PERSON 1.0	5 PERSON 1.08	6 PERSON 1.16	7 PERSON 1.24	8 PERSON 1.32
10%	\$5,190	\$5,930	\$6,670	\$7,410	\$8,000	\$8,600	\$9,190	\$9,780
20%	\$10,370	\$11,860	\$13,340	\$14,820	\$16,010	\$17,190	\$18,380	\$19,560
30%	\$15,560	\$17,780	\$20,010	\$22,230	\$24,010	\$25,790	\$27,570	\$29,340
40%	\$20,750	\$23,710	\$26,680	\$29,640	\$32,010	\$34,380	\$36,750	\$39,120
50%	\$25,940	\$29,640	\$33,350	\$37,050	\$40,010	\$42,980	\$45,940	\$48,910
60%	\$31,120	\$35,570	\$40,010	\$44,460	\$48,020	\$51,570	\$55,130	\$58,690
70%	\$36,310	\$41,500	\$46,680	\$51,870	\$56,020	\$60,170	\$64,320	\$68,470
80%	\$41,500	\$47,420	\$53,350	\$59,280	\$64,020	\$68,760	\$73,510	\$78,250
90%	\$46,680	\$53,350	\$60,020	\$66,690	\$72,030	\$77,360	\$82,700	\$88,030
100%	\$51,870	\$59,280	\$66,690	\$74,100	\$80,030	\$85,960	\$91,880	\$97,810
110%	\$57,060	\$65,210	\$73,360	\$81,510	\$88,030	\$94,550	\$101,070	\$107,590
120%	\$62,240	\$71,140	\$80,030	\$88,920	\$96,030	\$103,150	\$110,260	\$117,370
130%	\$67,430	\$77,060	\$86,700	\$96,330	\$104,040	\$111,740	\$119,450	\$127,160
140%	\$72,620	\$82,990	\$93,370	\$103,740	\$112,040	\$120,340	\$128,640	\$136,940

AFFORDABLE RENT GUIDELINES (BY UNIT SIZE & PERCENTAGE OF MEDIAN FAMILY INCOME)

% of Median	UNIT SIZE (NO. OF BEDROOMS)					
	0	1	2	3	4	5
10%	\$130	\$139	\$167	\$193	\$215	\$237
20%	\$259	\$278	\$334	\$385	\$430	\$474
30%	\$389	\$417	\$500	\$578	\$645	\$711
40%	\$519	\$556	\$667	\$771	\$860	\$948
50%	\$649	\$695	\$834	\$963	\$1,075	\$1,186
60%	\$778	\$834	\$1,000	\$1,156	\$1,289	\$1,423
70%	\$908	\$973	\$1,167	\$1,349	\$1,504	\$1,660
80%	\$1,038	\$1,112	\$1,334	\$1,541	\$1,719	\$1,897
90%	\$1,167	\$1,250	\$1,501	\$1,734	\$1,934	\$2,134
100%	\$1,297	\$1,389	\$1,667	\$1,927	\$2,149	\$2,371
110%	\$1,427	\$1,528	\$1,834	\$2,119	\$2,364	\$2,608
120%	\$1,556	\$1,667	\$2,001	\$2,312	\$2,579	\$2,845
130%	\$1,686	\$1,806	\$2,168	\$2,505	\$2,794	\$3,083
140%	\$1,816	\$1,945	\$2,334	\$2,697	\$3,009	\$3,320

Note: Affordable rents are based on 30% of gross monthly income. Affordable rents include utilities.

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

TABLE A-8

YEAR-END MEDIAN SALES PRICE FOR MAUI AND SELECT WEST MAUI AREAS FROM MULTIPLE LISTING SERVICE DATABASE 2000 THROUGH ANNUALIZED 2017

Location and Property Type	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Annualized September 2017
Overall Maui																		
Single Family	\$275,000	\$295,000	\$375,000	\$440,000	\$550,000	\$679,000	\$693,000	\$630,069	\$577,867	\$498,106	\$460,000	\$432,500	\$470,000	\$530,000	\$570,000	\$580,000	\$636,750	\$700,000
% Change		7.27%	27.12%	17.33%	25.00%	23.45%	2.06%	-9.08%	-8.29%	-13.80%	-7.65%	-5.98%	8.67%	12.77%	7.55%	1.75%	9.78%	9.93%
Condominium	\$181,750	\$190,500	\$195,000	\$241,325	\$310,000	\$385,000	\$505,000	\$550,000	\$549,500	\$450,000	\$377,500	\$310,000	\$358,995	\$373,000	\$415,000	\$410,000	\$429,000	\$449,000
% Change		4.81%	2.36%	23.76%	28.46%	24.19%	31.17%	8.91%	-0.09%	-18.11%	-16.11%	-17.88%	15.80%	3.90%	11.26%	-1.20%	4.63%	4.66%
Vacant Land	\$218,000	\$249,500	\$262,760	\$330,100	\$400,000	\$540,000	\$688,066	\$565,000	\$700,000	\$500,000	\$405,000	\$310,500	\$350,000	\$400,000	\$520,000	\$447,650	\$459,750	\$358,000
% Change		14.45%	5.31%	25.63%	21.18%	35.00%	27.42%	-17.89%	23.89%	-28.57%	-19.00%	-23.33%	12.72%	14.29%	30.00%	-13.91%	2.70%	-22.13%
Lahaina																		
Single Family	\$260,000	\$300,000	\$355,500	\$520,000	\$625,000	\$877,000	\$962,500	\$1,125,000	\$1,295,000	\$650,000	\$501,900	\$518,550	\$512,500	\$606,250	\$775,000	\$700,000	\$760,000	\$1,334,500
% Change		15.38%	18.50%	46.27%	20.19%	40.32%	9.75%	16.88%	15.11%	-49.81%	-22.78%	3.32%	-1.17%	18.29%	27.84%	-9.68%	8.57%	75.59%
Condominium	\$225,000	\$130,000	\$225,000	\$190,000	\$295,000	\$337,500	\$536,000	\$529,000	\$455,000	\$399,000	\$378,583	\$337,205	\$365,100	\$352,500	\$420,000	\$440,000	\$485,573	\$482,500
% Change		-42.22%	73.08%	-15.56%	55.26%	14.41%	58.81%	-1.31%	-13.99%	-12.31%	-5.12%	-10.93%	8.27%	-3.45%	19.15%	4.76%	10.36%	-0.63%
Vacant Land	\$350,000	\$404,099	\$380,000	\$485,000	\$825,000	\$690,357	\$975,000	\$1,425,000	\$1,000,000	\$900,000	\$655,280	\$790,000	\$825,000	\$784,000	\$707,500	\$508,500	\$999,500	\$1,170,000
% Change		15.46%	-5.96%	27.63%	70.10%	-16.32%	41.23%	46.15%	-29.82%	-10.00%	-27.19%	20.56%	4.43%	-4.97%	-9.76%	-28.13%	96.56%	17.06%
Kaanapali																		
Single Family	\$795,000	\$855,000	\$944,500	\$969,500	\$1,285,000	\$1,850,000	\$2,222,500	\$2,300,875	\$1,600,000	\$1,447,500	\$965,000	\$1,100,000	\$1,230,000	\$1,172,500	\$1,600,000	\$1,785,000	\$1,597,500	\$1,700,000
% Change		7.55%	10.47%	2.65%	32.54%	43.97%	20.14%	3.53%	-30.46%	-9.53%	-33.33%	13.99%	11.82%	-4.67%	36.46%	11.56%	-10.50%	6.42%
Condominium	\$352,500	\$535,000	\$510,000	\$535,000	\$667,500	\$805,000	\$1,300,000	\$1,100,000	\$795,000	\$975,000	\$823,250	\$646,700	\$499,900	\$782,950	\$850,000	\$992,500	\$1,022,500	\$922,000
% Change		51.77%	-4.67%	4.90%	24.77%	20.60%	61.49%	-15.38%	-27.73%	22.64%	-15.56%	-21.45%	-22.70%	56.62%	8.56%	16.76%	3.02%	-9.83%
Vacant Land	\$307,500	\$550,000	\$335,000	\$405,000	\$625,000	\$775,000	\$795,000	\$759,500	\$915,000	\$407,000	\$400,000	\$425,000	\$455,000	\$716,931	\$610,000	\$642,500	\$680,000	\$643,500
% Change		78.86%	-39.09%	20.90%	54.32%	24.00%	2.58%	-4.47%	20.47%	-55.52%	-1.72%	6.25%	7.06%	57.57%	-14.92%	5.33%	5.84%	-5.37%
Napili/Kahana/Honokowai																		
Single Family	\$382,500	\$408,000	\$495,000	\$553,500	\$765,000	\$915,000	\$995,000	\$985,000	\$1,050,000	\$755,000	\$660,000	\$605,000	\$632,000	\$799,000	\$750,000	\$881,000	\$875,000	\$847,500
% Change		6.67%	21.32%	11.82%	38.21%	19.61%	8.74%	-1.01%	6.60%	-28.10%	-12.58%	-8.33%	4.46%	26.42%	-6.13%	17.47%	-0.68%	-3.14%
Condominium	\$180,500	\$199,500	\$215,000	\$275,000	\$360,000	\$428,545	\$534,500	\$550,000	\$525,000	\$367,500	\$310,000	\$259,000	\$299,000	\$382,500	\$399,000	\$400,000	\$407,500	\$425,000
% Change		10.53%	7.77%	27.91%	30.91%	19.04%	24.72%	2.90%	-4.55%	-30.00%	-15.65%	-16.45%	15.44%	27.93%	4.31%	0.25%	1.87%	4.29%
Vacant Land	\$178,000	\$178,015	\$185,800	\$238,000	\$420,000	\$530,000	\$573,500	\$565,000	\$425,000	\$250,000	\$0	\$265,000	\$270,000	\$282,500	\$725,000	\$975,000	\$412,500	\$765,000
% Change		0.01%	4.37%	28.09%	76.47%	26.19%	8.21%	-1.48%	-24.78%	-41.18%	#NUM!	#NUM!	1.89%	4.63%	156.64%	34.48%	-57.69%	85.45%

Source: Maui Multiple Listing Service and CBRE/Hallstrom Team.

TABLE A-9

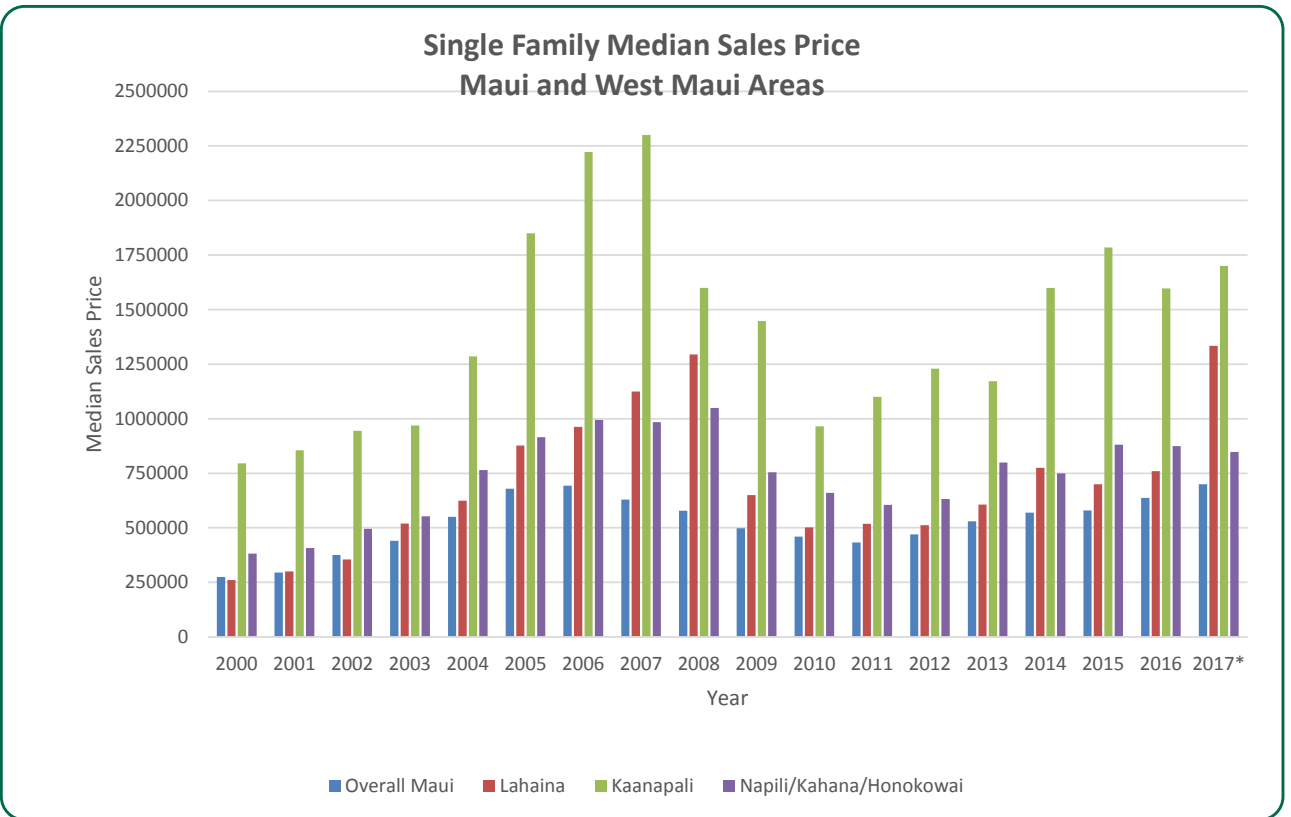
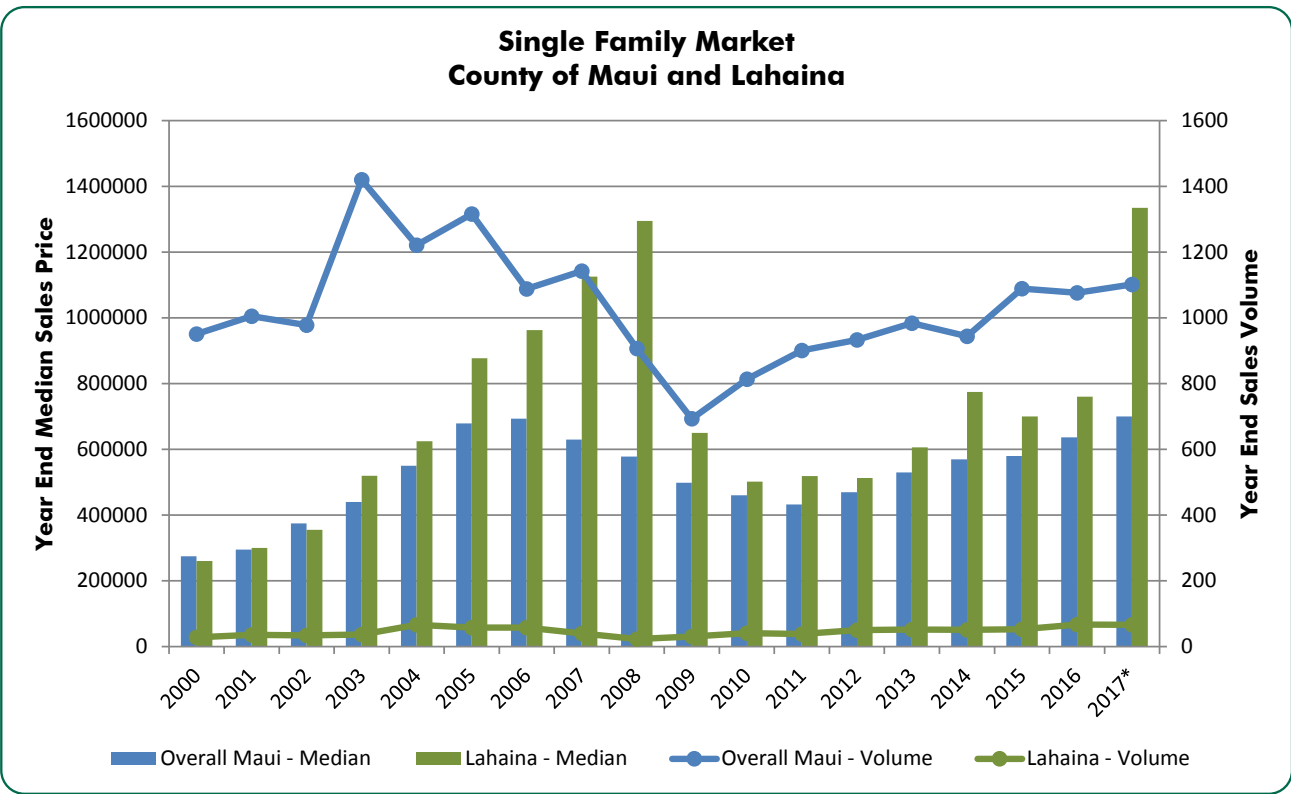
YEAR-END NUMBER OF SALES FOR MAUI AND SELECT WEST MAUI AREAS FROM MULTIPLE LISTING SERVICE DATABASE 2000 THROUGH ANNUALIZED 2017

Property Type	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Annualized September 2017
Overall Maui																		
Single Family	951	1,005	978	1,420	1,221	1,316	1,088	1,142	907	693	814	901	933	984	944	1,089	1,076	1,101
% Change		5.68%	-2.69%	45.19%	-14.01%	7.78%	-17.33%	4.96%	-20.58%	-23.59%	17.46%	10.69%	3.55%	5.47%	-4.07%	15.36%	-1.19%	2.35%
Condominium	1,456	1,348	1,551	2,001	1,933	2,050	1,210	1,187	788	826	1,147	1,157	1,248	1,333	1,203	1,199	1,232	1,399
% Change		-7.42%	15.06%	29.01%	-3.40%	6.05%	-40.98%	-1.90%	-33.61%	4.82%	38.86%	0.87%	7.87%	6.81%	-9.75%	-0.33%	2.75%	13.53%
Vacant Land	359	368	393	447	479	427	255	227	97	111	127	134	173	216	166	154	160	225
% Change		2.51%	6.79%	13.74%	7.16%	-10.86%	-40.28%	-10.98%	-57.27%	14.43%	14.41%	5.51%	29.10%	24.86%	-23.15%	-7.23%	3.90%	40.83%
Lahaina																		
Single Family	28	36	34	37	66	58	58	40	23	31	41	38	50	52	51	53	67	67
% Change		28.57%	-5.56%	8.82%	78.38%	-12.12%	0.00%	-31.03%	-42.50%	34.78%	32.26%	-7.32%	31.58%	4.00%	-1.92%	3.92%	26.42%	-0.50%
Condominium	45	35	39	44	44	55	82	75	21	55	64	83	80	85	72	103	68	83
% Change		-22.22%	11.43%	12.82%	0.00%	25.00%	49.09%	-8.54%	-72.00%	161.90%	16.36%	29.69%	-3.61%	6.25%	-15.29%	43.06%	-33.98%	21.57%
Vacant Land	5	23	9	20	24	29	21	20	3	13	24	15	12	11	12	10	20	5
% Change		360.00%	-60.87%	122.22%	20.00%	20.83%	-27.59%	-4.76%	-85.00%	333.33%	84.62%	-37.50%	-20.00%	-8.33%	9.09%	-16.67%	100.00%	-73.33%
Kaanapali																		
Single Family	21	16	36	40	24	29	16	18	15	14	21	35	23	22	27	22	22	24
% Change		-23.81%	125.00%	11.11%	-40.00%	20.83%	-44.83%	12.50%	-16.67%	-6.67%	50.00%	66.67%	-34.29%	-4.35%	22.73%	-18.52%	0.00%	9.09%
Condominium	136	156	121	133	130	120	73	55	39	193	237	122	160	160	151	102	119	91
% Change		14.71%	-22.44%	9.92%	-2.26%	-7.69%	-39.17%	-24.66%	-29.09%	394.87%	22.80%	-48.52%	31.15%	0.00%	-5.62%	-32.45%	16.67%	-23.81%
Vacant Land	24	10	38	60	34	21	44	20	5	7	9	18	13	16	27	14	17	16
% Change		-58.33%	280.00%	57.89%	-43.33%	-38.24%	109.52%	-54.55%	-75.00%	40.00%	28.57%	100.00%	-27.78%	23.08%	68.75%	-48.15%	21.43%	-5.88%
Napili/Kahana/Honokowai																		
Single Family	31	48	49	72	67	67	38	37	22	24	27	42	45	35	34	30	40	45
% Change		54.84%	2.08%	46.94%	-6.94%	0.00%	-43.28%	-2.63%	-40.54%	9.09%	12.50%	55.56%	7.14%	-22.22%	-2.86%	-11.76%	33.33%	13.33%
Condominium	362	284	417	489	430	451	250	163	113	96	173	213	233	215	209	197	266	247
% Change		-21.55%	46.83%	17.27%	-12.07%	4.88%	-44.57%	-34.80%	-30.67%	-15.04%	80.21%	23.12%	9.39%	-7.73%	-2.79%	-5.74%	35.03%	-7.27%
Vacant Land	29	44	28	23	12	15	2	3	1	5	0	1	3	5	3	1	2	3
% Change		51.72%	-36.36%	-17.86%	-47.83%	25.00%	-86.67%	50.00%	-66.67%	400.00%	#NUM!	#NUM!	200.00%	66.67%	-40.00%	-66.67%	100.00%	33.33%

Source: Maui Multiple Listing Service and CBRE/Hallstrom Team.

TABLE A-9

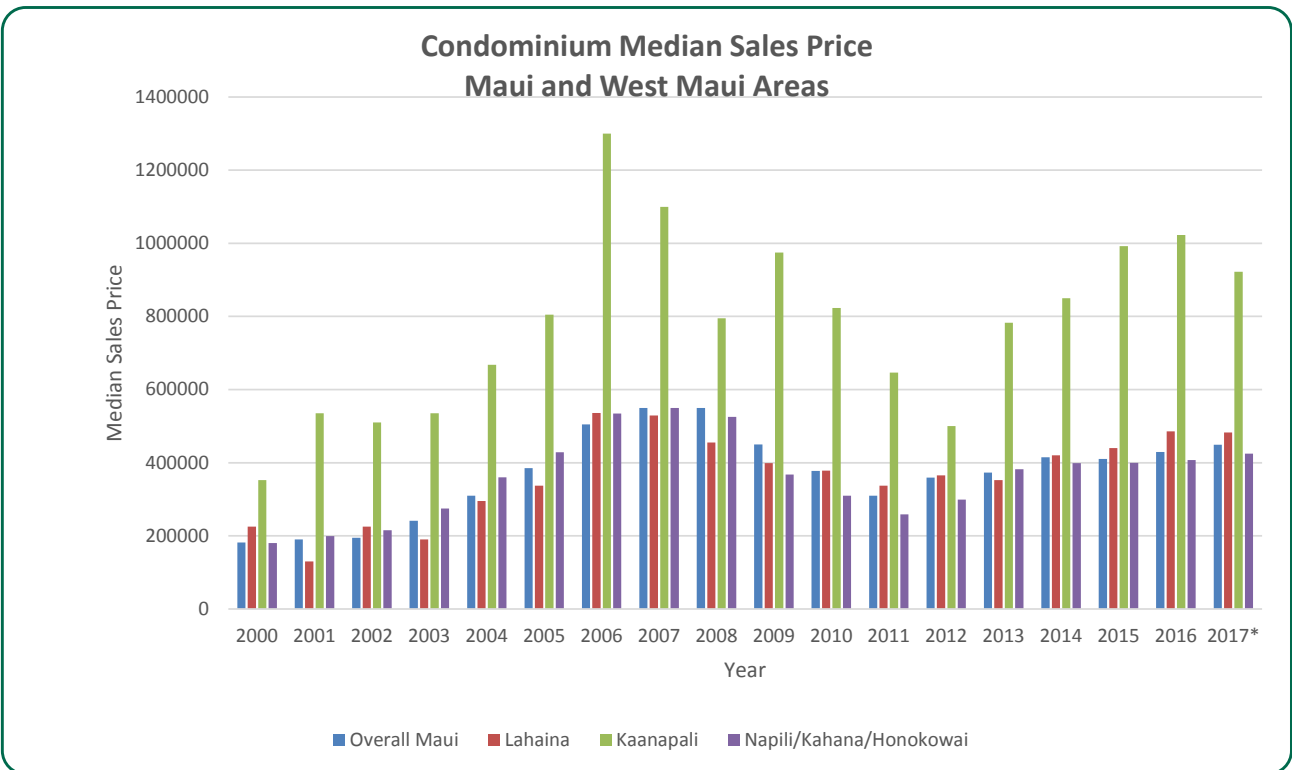
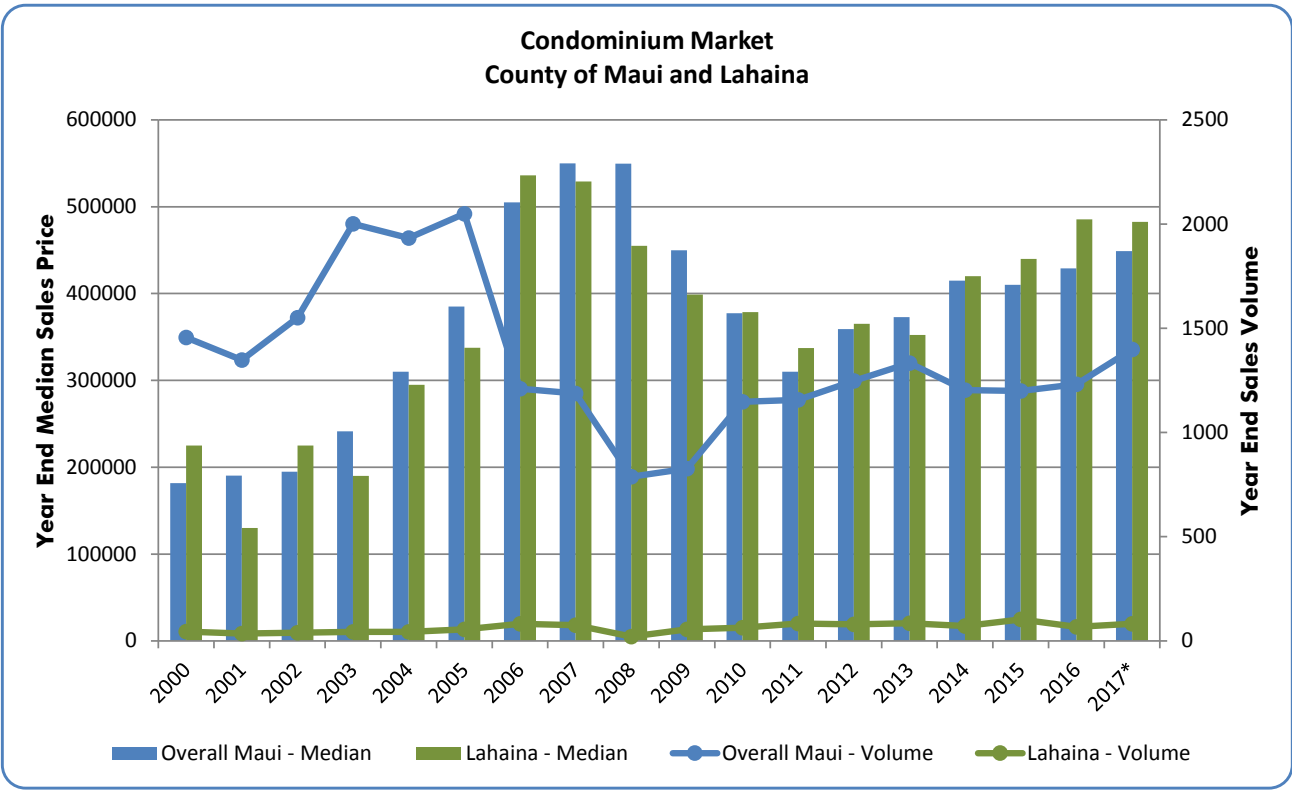
GRAPHS OF MAUI MULTIPLE LISTING SERVICE SINGLE FAMILY SALES FOR MAUI AND SELECTED WEST MAUI AREAS



Source: Maui Multiple Listing Service and CBRE/Hallstrom Team.

TABLE A-10

GRAPHS OF MAUI MULTIPLE LISTING SERVICE CONDOMINIUM UNIT SALES FOR MAUI AND SELECTED WEST MAUI AREAS



Source: Maui Multiple Listing Service and CBRE/Hallstrom Team.

TABLE A-11

LAHAINA DISTRICT LONG-TERM RESIDENTIAL RENTAL UNIT SURVEY SEPTEMBER 29 THROUGH NOVEMBER 3, 2017

Source	Address	Type	Bed	Bath	Sq Ft	Listing Price (Rent)	Utilities Included	Date
Realtor	6 Poinciana Pl, Lahaina, HI 96761	Condo	4	2.5		\$4,787		9/29/2017
Zillow	861 Kale St, Lahaina, HI 96761	House	4	2	2648	\$3,500		9/29/2017
Desination Maui	1660 Limahana Circle - Opukea F108, F108, Lahaina, HI 96761	Condo	3	2	1332	\$3,500	Water, Trash, Electric, Cable, Internet	9/29/2017
Craiglist	Kahana Ridge Dr, Lahaina, HI 96761	Apartment	3	2.5		\$3,950		9/29/2017
Zillow	25 Heather Ln APT 131, Lahaina, HI 96761	Apartment	2	2	960	\$2,400	Utilities included except Electric	9/29/2017
Zillow	3626 Lower Honoapiilani Rd, Lahaina, HI 96761	Apartment	2	1	796	\$2,395		9/29/2017
Zillow	50 Puu Anoano St APT 1602, Lahaina, HI 96761	Apartment	2	2		\$3,646	Rent+Utilities (PV electric System for Water and Heater)	9/29/2017
Zillow	500 Kapalua Dr, Lahaina, HI 96761	House	2	2	1344	\$3,500		9/29/2017
Craiglist		Apartment	2	2		\$2,650		9/29/2017
Zillow	3627 Lower Honoapiilani Rd, Lahaina, HI 96761	Apartment	1	1	618	\$1,825		9/29/2017
Zillow	3740 Lower Honoapiilani Rd APT A304, Lahaina, HI 96761	Apartment	1	1	530	\$1,900	Water & Trash	9/29/2017
Zillow	4909 Lower Honoapiilani Rd # E3E,	Apartment	1	1	700	\$2,300		9/29/2017
Zillow	3628 Lower Honoapiilani Rd, Lahaina, HI 96761	Apartment	0	1	444	\$1,545		9/29/2017
Craiglist		House	4	3.5	3600	\$5,700		10/1/2017
Craiglist	16 Plumeria Place, Lahaina, HI 96761	House	3	2	1830	\$4,400		10/1/2017
Craiglist	15 E Kuu Aku Lane, Lahaina, HI 96761	Condo	2	2.5	1282	\$4,700		10/1/2017
Craiglist	3788 Lower Honoapiilani Rd, Lahaina, HI 96761	Condo	2	2		\$3,200	High Speed Internet, Cable, Electricity up to \$150	10/1/2017
Craiglist	Ainakea Rd	House	3	1	800	\$2,795		10/4/2017
Craiglist		Condo	3	2		\$3,000		10/4/2017
Trulia	300 Aalii Way, Lahaina, HI 96761	House	4	3.5	3800	\$6,953		10/11/2017
Zillow	146 Kahana Nui Rd, Lahaina, HI 96761	House	3	2.5		\$3,950		10/11/2017
Trulia	16 Polohina Ln #4, Lahaina, HI 96761	Apartment	3	2		\$2,800		10/11/2017
Zillow	1660 Limahana Circle Opukea F108, Lahaina, HI 96761	Condo	3	2	1332	\$3,500	Water, Trash, Electric, Cable, Internet	10/11/2017
Zillow	31 E Ku U Aku Ln, Lahaina, HI 96761	Condo	3	2	1165	\$4,000	All utilities except electricity	10/11/2017
Zillow	3530 Lower Honoapiilani Rd, Lahaina, HI 96761	House	3	2	1088	\$2,800		10/11/2017
Zillow	486 Wainee St, Lahaina, HI 96761	House	3	2	1194	\$3,750		10/11/2017
Zillow	500 Bay Dr #23, Lahaina, HI 96761	House	1	1.5		\$3,600		10/11/2017
ApartmentFinder	877 Anupuni Loop, Lahaina, HI 96761	House	5	4		\$12,000	Yard, Trash, Pool, Spa Maintenance	10/13/2017
ApartmentFinder	102 Woodrose PL, Lahaina, HI 96761	Apartment	3	3		\$6,700	Trash, Pool, Spa Maintenance	10/13/2017
ApartmentFinder	43 Polohina Ln, Lahaina, HI 96761	Apartment	3	2		\$2,890	All utilities except electric and cable	10/13/2017
ApartmentFinder	4955 Hanawai St, Lahaina, HI 96761	House	2	1.5	767	\$2,600		10/13/2017
Craiglist		House	2	2		\$2,700		10/13/2017
Craiglist		House	1	1	520	\$2,100	Utilities Included	10/13/2017
Craiglist		Apartment	0	1		\$1,000	Electricity, Water	10/13/2017
Craiglist	36 Puu Hale, Lahaina, HI 96761	Condo	4	3.5	3650	\$5,800	Solar Panel	10/18/2017
Trulia	15 Wailau Pl, Lahaina, HI 96761	House	3	2	1937	\$6,900		10/18/2017
Craiglist	206 Front Street, Lahaina, HI 96761	House	2	1	900	\$2,100		10/18/2017
Craiglist	Mahinahina St & Uli Pl, Lahaina, HI 96761	House	2	1	1600	\$3,200	Water, Trash	10/18/2017
Craiglist		House	2	1	750	\$2,300	All utilites except water, trash, electricity	10/18/2017
Zillow	36 Puu Hale St, Lahaina, HI 96761	Condo	4	3.5	3650	\$5,500	No Utilities+Solar Panels	10/27/2017
Zillow	45 E Kuu Aku Ln UNIT 314, Lahaina, HI 96761	Condo	3	2	1165	\$2,950	All utilities except electric and cable	10/27/2017
Zillow	31 E Kuu Aku Ln # 13, Lahaina, HI 96761	Condo	3	2	1165	\$3,300	All utilites except cable, electric, internet	10/27/2017
Zillow	25 Heather Ln APT 114, Lahaina, HI 96761	Apartment	3	2		\$2,500		10/30/2017
Zillow	3788 Lower Honoapiilani Rd APT D101, Lahaina, HI 96761	Condo	2	2	1100	\$2,400		10/30/2017
Zillow	Lower Honoapiilani Rd, Lahaina, HI 96761	Condo	1	1	768	\$2,900	Electricity, Water, Sewer, and Cable	11/2/2017
Zillow	4064 Lower Honoapiilani Rd, Lahaina, HI 96761	House	1	1.5	1750	\$2,200	Cable+Internet	11/3/2017
Hotpad	Hui Road F, Lahaina, HI 96761	Condo	2	1	1080	\$2,300		11/3/2017
Zillow	4365 Lower Honoapiilani Rd # 201, Lahaina, HI 96761	Condo	2	2	1141	\$3,995		11/3/2017

Source: As Cited and CBRE/Hallstrom Team

TABLE A-12

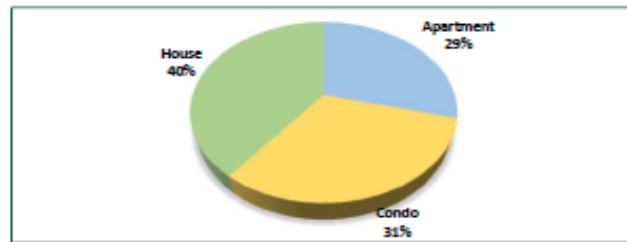
GRAPHS OF WEST MAUI LONG-TERM RESIDENTIAL RENTAL UNIT SURVEY

Unit Type	Number of Units
Apartment	14
Condo	15
House	19
Grand Total	48

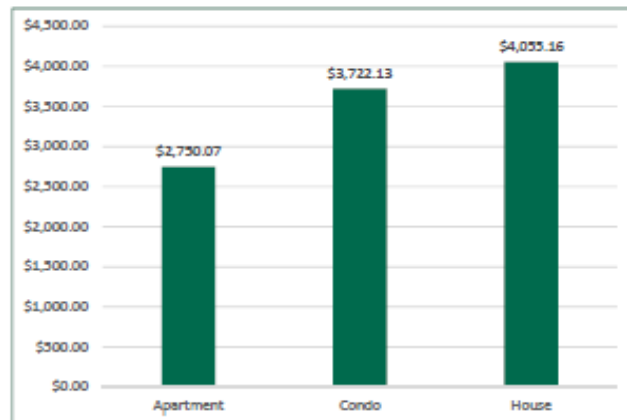
Unit Type	Average Rent
Apartment	\$2,750.07
Condo	\$3,722.13
House	\$4,055.16
Grand Total	\$3,570.44

Beds	Average (Rent)
Studio	\$1,272.50
1	\$2,403.57
2	\$2,939.07
3	\$3,746.18
4	\$5,373.33
Grand Total	\$3,391.09

RESIDENTIAL SUPPLY IN STUDY AREA BY TYPE



AVERAGE ASKING RENT BY TYPE



Average Asking Rent by Bedroom Total



Source: As Cited and CBRE/Hallstrom Team

TABLE A-13

SUMMARY OF COMPARABLE MIXED-INCOME AND MARKET APARTMENT RENTALS				
Property Name	Location	Occupancy	No. of Units	Year Built
Kahana Manor	4310 Lower Honoapiilani Rd	100%	105	1981
Leinani Apartments	3750 Lower Honoapiilani Rd	100%	30	1970
Sunset Terrace Apartments	3626 Lower Honoapiilani Rd	97%	288	1987
Coconut Inn	181 Hui Road F	100%	46	1977
Napili Ridge	120 Hui Road	100%	130	1972
Maui Lani Terrace	3740 Lower Honoapiilani Rd	100%	159	1989
Opukea at Lahaina	Limahana Circle	100%	114	2009
Napili Villas	Hanawai St.	100%	184	2002
Lahaina Town Luxury Apartments	134 Wahie Ln	100%	30	1968
Totals		99%	1,086	
Compiled by CBRE/Hallstrom Team				

TABLE A-14

WEST MAUI LIHTC APARTMENT RENTAL PROPERTIES - INCOME RESTRICTED

Name	Affordable Units	Percent of Median Income Rental Basis	Percent Occupied
Front Street Apartment	142	60%	100%
Honokowai Villa	56	30%/60%	100%
Honokowai Kauhale	184	60%	100%
Komohana	20	60%	100%
Lahaina Surf	112	60%	100%
Weinberg Court Apartments	62	60%	100%
Total	576		100%

Compiled by CBRE/Hallstrom Team

TABLE A-15

Summary of West Maui Rental Complexes

Comparable Project	Unit Type	Size	Rental Rates \$/Mo.	\$/SF
Studio Units				
Lahaina Town Luxury Apartments	Studio/1BA	308	1195	3.88
Sunset Terrace	Studio/1BA	444	1570	3.54
One Bedroom Units				
Kahana Manor	1BD/1BA	675	\$1,625	\$2.41
Leinani Apartments	1BD/1BA	560	\$1,600	\$2.86
Sunset Terrace Apartments	1BD/1BA	618	\$1,825	\$2.95
Coconut Inn	1BD/1BA	631	\$1,850	\$2.93
Napili Ridge	1BD/1BA	564	\$1,700	\$3.01
Maui Lani Terrace	1BD/1BA	530	\$1,900	\$3.58
Coconut Inn	1BD/1BA	499	\$1,700	\$3.41
Two Bedroom Units				
Kahana Manor	2BD/2BA	975	\$2,200	\$2.26
Opukea at Lahaina	2BD/2BA	1250	\$2,900	\$2.32
Napili Villas	2BD/2BA	854	\$2,400	\$2.81
Maui Lani Terrace	2BD/1BA	705	\$2,100	\$2.98
Leinani Apartments	2BD/2BA	780	\$2,350	\$3.01
Sunset Terrace Apartments	2BR/2BA	796	\$2,395	\$3.01
Three Bedroom Units				
Opukea at Lahaina	3BD/2BA	1357	3500	2.58
Napili Villas	3BD/2.5BA	1236	3100	2.51
Napili Villas	3BD/2BA	1165	3000	2.58
Compiled by CBRE/Hallstrom Team				

TABLE A-16

1 Pauahi 1350 Excluding Proposed Pululehua Community			
	Single Family Lots and Homes	Multi-Family Units	Total Residential Units
<i>Committed (Entitled)</i>			
Kahoma Resident Housing (Under-Construction)	68	0	68
Kahoma Village PD4 (Under-Construction)	101	102	203
Kai A Ulu Affordable Homes (Under-Construction)	33	0	33
Kapalua Mauka Residential	690	0	690
Pailolo Place	0	42	42
Pukuolii Villages	292	648	940
Wailele Ridge (Under-Construction)	0	158	158
Sub-Total	1,116	950	2,066
Percent of Total	54.0%	46.0%	100.0%
<i>Maui Island Plan & Community Plan (Partly Entitled)</i>			
Kaanapali Lower North Honokowai	275	330	605
Lealii HHFDC Community	600	600	1,200
Sub-Total	875	930	1,805
Percent of Total	48.5%	51.5%	100.0%
<i>Maui Island Plan Only</i>			
Kaanapali Lower East Honokowai	225	0	225
Kaanapalai Lower South Honokowai	410	630	1,040
Makila (Includes Polanui Gardens)	200	0	200
Olowalu	1,500	0	1,500
Wainee Residential Community	360	360	720
Sub-Total	2,695	990	3,685
Percent of Total	73.1%	26.9%	100.0%
WEST MAUI TOTAL	4,686	2,870	7,556
Percent of Total	62.0%	38.0%	100.0%

Source: Long Range Planning Division, Department of Planning, County of Maui, "Kapalua North Lahaina" & "South Lahaina Ukumehame" Development Project Maps, May 2016.

TABLE A-17

NEW MAJOR UNDER-CONSTRUCTION MAUI RESIDENTIAL PROJECTS

Project Name	Number of Units			Unit Size in Sq. Ft.		Sales Prices		Comments
	Multi Family	Single Family	Total	Multifamily	Single Family	Multifamily	Single Family	
<i><u>West Maui</u></i>								
Kalama Village	102	101	203	1,000 to 1,223	1,043 to 2,194	Starting at \$275,000	Up to \$750,000	Infrastructure complete, homes under-construction, applications being accepted.
Wailele Ridge	158	0	158	500 to 1,600	N/A	\$404,900 to \$939,900	N/A	Construction began 4/16 with 20 of 38 units offered reserved.
<i><u>Central Maui</u></i>								
Kamanai at Kehalani	24	0	24	1,425 to 1,465	N/A	\$475,000 to \$506,000	N/A	Phase 4 of 122-unit project, all units reserved, all prior phases sold-out
Parkways at Maui Lani	0	120	120	N/A	1,385 to 2,404	N/A	Starting at mid-\$500,000s	Later phases of 2013 project. 65 homes reserved.
Alohilani at Kehalani	0	88	88	N/A	1,502 to 1,736	N/A	\$619,000 to \$641,000	Construction underway, 66 homes reserved by year-end 2016
<i><u>South Maui</u></i>								
Hokulani Golf Villas	0	152	152	N/A	1,800 to 2,500	N/A	\$966,000 to \$1,295,000	Later phases of 2009 project. 33 homes sold from 2014-2016.
Cove Beach Villas	32	0	32	896 to 948	N/A	\$499,900 to \$599,900	N/A	17 units reserved or held by developer
Keala O Wailea	70	0	70	1,241 to 1,312	N/A	\$888,900 to \$1,019,000	N/A	Construction began early 2016. 6 of 17 units offered sold.
Compiled by CBRE/Hallstrom Team								

TABLE A-18

**SUMMARY OF NEIGHBORHOOD COMMERCIAL SPACE DEMAND
CREATED BY SUBJECT RESIDENTS AT BUILD-OUT**

1. Stabilized Subject Population

Full-Time Residents (2.55 persons per household)	3,060
Full Time Equivalent On-Site Workers	231

2. Project Resident Per Capita Demand for Commercial Space (in Gross Square Feet per Person)

Total for All Commercial Needs (1)	36.0
"Neighborhood Retail" Space Demand as Percent of Total	55%
Total Per Capita "Neighborhood Retail" Commercial Space Demand in Square Feet	19.8
Allowance for "Service Commercial/Medical" Space (20% of Neighborhood demand)	4.0
Allowance for "Support/Other/Destination Commercial" Space (10% of Neighborhood demand)	2.0
Total Per Capita Floor Space Demand for Resident-Oriented/Neighborhood Commercial Space	25.7
Capture Rate of In-Project Resident Neighborhood Demand	80.0%
Total Floor Space Demand for Resident-Oriented/Neighborhood Commercial Space	63,012

3. Project Worker Resident Per Capita Demand for Commercial Space (in Gross Square Feet per Person)

Estimated Percent of Workers not Residing in Project	85.0%
Non-Resident Workers Patronizing Subject Commercial Businesses	196
Total Per Capita Floor Space Demand by Workers for Neighborhood Commercial Space (2)	6.4
Total Floor Space Demand by Workers for Neighborhood Commercial Space	1,264

3. Indicated Subject Commercial Floor Space Demand (in SF)

From Subject Project Resident and Worker Population		64,275
Patronage From Other Sources	% of Community Demand	
Nearby Population in Non-Subject Projects	5%	3,214
Passer-Bys/Intercept and Others	10%	6,428

Total Estimated Gross Floor Space Demand at Stabilization
73,916

(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 Team/CBRE

Addendum B

ABSORPTION FORECAST TABLES

TABLE B-1

**PROJECTION OF POTENTIAL SUBJECT UNIT ABSORPTION USING THE RESIDUAL METHOD BASED ON
TOTAL DEMAND FOR MULTIFAMILY UNITS IN THE WEST MAUI STUDY AREA**

Segment	TOTAL UNITS	2017-2020	2021-2025	2026-2030
<i>1. Minimum Demand</i>				
Assumed Supply (60% of entitled and partially entitled market projects)	768	260	254	254
Regional Multifamily Demand	2,086	594	746	746
Shortage or (Excess) Supply	1,318	334	492	492
<u>Potential Residual Subject Minimum Demand</u>				
at 95% Capture Rate	1,253	317	467	468
at 90% Capture Rate	1,187	301	443	443
<i>2. Maximum Demand</i>				
Assumed Supply (80% of entitled and partially entitled market projects)	1,024	260	382	382
Regional Multifamily Demand	3,247	842	1,110	1,294
Shortage or (Excess) Supply	2,223	582	728	912
<u>Potential Residual Subject Maximum Demand</u>				
at 95% Capture Rate	2,111	553	692	867
at 90% Capture Rate	2,000	524	655	821

**Indicated Number of Years Required to Absorb 1,200 Pulelehua
Units Using Residual Method**

Scenario	Percent of Residual Demand	Number of Years to Achieve Full Absorption
Minimum	91.0%	12.7
Maximum	54.0%	7.6
Mid-Point	72.5%	10.2

Source: Maui County, Developers/Agents, & CBRE/Hallstrom Team

TABLE B-2

**SUMMARY OF SUBJECT PROJECTED UNIT ABSORPTION
USING THE MARKET SHARES METHOD**

Assuming Reservation/Lotteries Begin in 2019, Initial Occupancy 2020

Scenario One: Using Minimum Demand Assumptions

Sales Year		Total Regional MF Unit Demand	Effective Subject Share	Indicated Total Subject Absorption
Date	Period			
2019	1	149	50.00%	74
2020	2	149	55.00%	82
2021	3	149	60.00%	90
2022	4	149	60.00%	90
2023	5	149	60.00%	90
2024	6	149	60.00%	90
2025	7	149	60.00%	90
2026	8	149	60.00%	90
2027	9	149	60.00%	90
2028	10	149	60.00%	90
2029	11	149	60.00%	90
2030	12	149	60.00%	90
2031	13	149	60.00%	90
2032	14	149	39.50%	59
Totals		2,088	57.47%	1,200
Indicated Absorption Period			13.66 Years	

Scenario Two: Using Maximum Demand Assumptions

Sales Year		Total Regional MF Unit Demand	Effective Subject Share	Indicated Total Subject Absorption
Date	Period			
2019	1	211	55.00%	116
2020	2	211	60.00%	126
2021	3	222	65.00%	144
2022	4	222	65.00%	144
2023	5	222	65.00%	144
2024	6	222	65.00%	144
2025	7	222	65.00%	144
2026	8	259	65.00%	168
2027	9	259	26.50%	69
Totals		2,049	58.59%	1,200
Indicated Absorption Period			8.41 Years	

ANALYSIS MID-POINT

11.0 Years	2,068	58.03%	1,200
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Source: CBRE/Hallstrom Team

Addendum C

ECONOMIC IMPACT TABLES

TABLE C-1

**SUMMARY COMPARISON OF MAJOR ECONOMIC IMPACTS
AND PUBLIC FISCAL COSTS/BENEFITS**

All Amounts Expressed in Constant, Uninflated 2017 Dollars

Model Item	Cumulative During Build-Out Period	Stabilized Annually Thereafter
Direct Capital Investment	\$310,000,000	
Local Contractor's Profits	\$31,000,000	
Local Supplier's Profits	\$12,400,000	
Worker Years of Jobs	4,464	308
Employee Wages	\$230,203,901	\$12,109,760
Resident Population		3,060
Resident Household Income		\$96,380,323
Resident Discretionary Expenditures		\$48,190,162
Total Operating/Business Activity Gross Receipts	\$716,032,200	\$85,752,000
Outside Patronage Expenditures	\$96,065,625	\$6,825,000
Total Maui "Base" Economic Impact	\$1,026,032,200	\$85,752,000

INCLUDES ONLY THOSE TAXES WHICH ARE "NEW" TO MAUI

County of Maui Gross Tax Receipts	\$39,688,467	\$5,554,472
State of Hawaii Gross Tax Receipts	\$82,141,963	\$3,225,287

Source: CBRE/Hallstrom Team

TABLE C-2

PROPOSED DEVELOPMENT SCHEDULE AND ESTIMATED CONSTRUCTION COSTS

All Amounts Expressed in Constant 2017 Dollars

Project Year	Development Period			Totals During Build-Out
	2017 to 2020	2021 to 2025	2026-2030	
Project Phase	Phase I	Phase II & III	Phase IV & V	
Infrastructure Emplacement (1)	\$15,000,000	\$10,000,000	\$5,000,000	\$30,000,000
Commercial Construction (2)	\$21,428,571	\$8,571,429		\$30,000,000
<u>Residential Component</u>				
Rental Apartment Units (3)	\$25,000,000	\$131,250,000	\$93,750,000	\$250,000,000
TOTAL PERIODIC CONSTRUCTION COSTS	\$61,428,571	\$149,821,429	\$98,750,000	\$310,000,000
Contractor Profits	\$6,142,857	\$14,982,143	\$9,875,000	\$31,000,000
Supplier Profits	\$2,457,143	\$5,992,857	\$3,950,000	\$12,400,000

Note: All development/construction costs of project estimated by developer.

(1) All infrastructure components estimated at \$30,000,000 for entire project. Costs allocated to phases based on assumption initial phase will have many of the systems serving the entire project (including waste-water treatment).

(2) Estimated "All-in" development cost of \$429 per square foot.

(3) Estimated "All-in" average development cost of \$208,333 per unit (includes interior improvements, site work, landscaping and amenities).

Source: CBRE/Hallstrom Team

TABLE C-3

ESTIMATED YEARLY FULL-TIME EQUIVALENT EMPLOYMENT POSITIONS CREATED BY DEVELOPMENT

Project Year	Development Period			Totals During Build-Out	Stabilized Annually
	2017 to 2020	2021 to 2025	2026-2030		
Project Increment	Phase I	Phase II & III	Phase IV & V		
Infrastructure Emplacement (1)	38	25	13	75	
Commercial Construction (2)	86	34		120	
Residential Component					
Rental Apartments (1)	125	656	469	1,250	
Total Periodic Construction Jobs	248	716	481	1,445	
On-Going Business Employment					
Commercial Worker Years (3)		686	1,000	1,686	
Total FTE Jobs in Place at End of Period		200	200		200
Maintenance & Common Element (4)		76	141	217	
Total FTE Jobs in Place at End of Period		22	31		31
Total Periodic On-Going Business Jobs		762	1,141	1,903	
Total FTE Jobs in Place at End of Period		222	231		231
Off-Site Employment (5)	83	492	541	1,116	
Total FTE Jobs in Place at End of Period		74	77		77
TOTAL PERIODIC WORKER YEARS	331	1,970	2,163	4,464	
TOTAL END-OF-PERIOD PERMANENT JOBCOUNT		296	308		308

(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 \$200,000 in costs.

(2) Employment estimated at 1 full-time-equivalent worker for every 350 square feet of gross floor area. First stores opening in 2021.

(4) Includes community common element management administration, security, landscaping and maintenance staff of 19 FTE jobs. Plus ratio of one full-time-equivalent outside maintenance/repair worker for every 100 units.

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

TABLE C-4

ESTIMATED YEARLY EMPLOYEE WAGES CREATED BY DEVELOPMENT

All Amounts Expressed in Constant 2017 Dollars

Project Year	2017 to 2020	2021 to 2025	2026-2030	Totals During Build-Out	
Project Increment	Phase I	Phase II & III	Phase IV & V		
Infrastructure Placement (1)	\$2,964,000	\$1,976,000	\$988,000	\$5,928,000	
Residential Construction					
Rental Apartments (1)	\$9,880,000	\$51,870,000	\$37,050,000	\$98,800,000	
Total Periodic Construction Wages	\$12,844,000	\$53,846,000	\$38,038,000	\$104,728,000	
On-Going Business Wages					Stabilized Annually
Commercial (2)		\$22,820,571	\$33,280,000	\$56,100,571	\$6,656,000
Maintenance & Common Element (3)		\$3,159,520	\$5,867,680	\$9,027,200	\$1,289,600
Total Periodic On-Going Business Wages		\$25,980,091	\$39,147,680	\$65,127,771	\$7,945,600
Off-Site Employment Wages (4)	\$4,474,476	\$26,628,992	\$29,244,661	\$60,348,130	\$4,164,160
TOTAL PERIODIC WAGES	\$17,318,476	\$106,455,083	\$106,430,341	\$230,203,901	\$12,109,760

(1) Average annual wage for full-time-equivalent construction worker (all trades) at \$79,040 (\$38/hour X 2,080 hours).

(2) Average annual wage for full-time-equivalent retail & restaurant workers at \$33,300 (\$16/hour).

(3) Average annual wage for full-time-equivalent maintenance and security workers at \$41,600 (\$20/hour).

(4) Average annual wage for full-time-equivalent general worker at \$54,080 (\$26/hour), the average wage for all "Total Private Workers" in the state.

Wages taken from State of Hawaii "Hawaii Workforce Infonet" "Publications and Tables> Production Worker H&E Data Hours and Earnings" for 2016.

Source: CBRE/Hallstrom Team

TABLE C-5

ESTIMATED DE FACTO POPULATION, RESIDENT HOUSEHOLD INCOME AND DISCRETIONARY EXPENDITURES

All Amounts Expressed in Constant 2017 Dollars

	Development Period			Total During Build-Out
	2017 to 2020	2021 to 2025	2026-2030	
	Phase I	Phase I, II & III	Phase IV & V	
Project Increment				
Workforce/Affordable Apartment Units				
Number of Periodically Rented	40	150	50	
Cumulative Units Rented	40	190	240	
Percent of Total Units in Project	3%	16%	20%	
Average Household Size	2.55	2.55	2.55	
Total Residents End of Each Period	102	485	612	
Market-Priced Apartment Units				
Number of Periodically Rented	110	475	375	
Cumulative Units Rented	110	585	960	
Percent of Total Units in Project	9%	49%	80%	
Average Household Size	2.55	2.55	2.55	
Total Residents End of Each Period	281	1,492	2,448	
Total Resident Population End of Period	383	1,976	3,060	
Average Number of Residents Each Project Year During Period	383	1,179	2,120	
RESIDENT HOUSEHOLD INCOME (1)				
Annually (at end of period)	\$12,487,633	\$63,785,950	\$96,380,323	\$96,380,323
Periodic	\$12,487,633	\$190,683,959	\$400,415,684	
TOTAL DISCRETIONARY EXPENDITURES (2)				
Annually (at end of period)	\$6,243,817	\$31,892,975	\$48,190,162	\$48,190,162
Periodic	\$6,243,817	\$95,341,979	\$200,207,842	
Stabilized Figure =				

(1) The median household income for Maui is estimated at \$82,600 for 2017. The estimated average household income for the "workforce" rental units is at 86.6% of Maui median (according to workforce housing ordinance formula), or \$71,515 per year. For the market rental units the average household income is estimated at 139.9% of the Maui median, or \$115,524 per year. The market rental household incomes could stretch higher, but above these levels there are widespread housing alternatives throughout West Maui.

(2) Estimated at 50% of resident household incomes.

Source: CBRE/Hallstrom Team

TABLE C-6

PROJECTED ON-SITE OPERATING ECONOMIC ACTIVITY

All Amounts Expressed in Constant 2017 Dollars

	2017 to 2020	2021 to 2025	2026 to 2030	Totals During Build-Out	Stabilized Annually
Project Increment	Phase I	Phase I, II & III	Phase IV & V		
<i><u>Commercial Businesses (1)</u></i>					
Annual Sales Activity at End-of-Period	\$18,750,000	\$47,250,000	\$52,500,000		\$52,500,000
Total Sales Activity During Period	\$18,750,000	\$210,262,500	\$262,500,000	\$491,512,500	
In-Project De Facto Population Patronage %	50%	75%	87%		
In-Project Patronage Expenditures					
Annual at End-of-Period	\$9,375,000	\$35,437,500	\$45,675,000		\$45,675,000
Total During Period	\$9,375,000	\$157,696,875	\$228,375,000	\$395,446,875	
Outside Project Patronage Expenditures					
Annual at End-of-Period	\$9,375,000	\$11,812,500	\$6,825,000		\$6,825,000
Total During Period	\$9,375,000	\$52,565,625	\$34,125,000	\$96,065,625	
<i><u>Maintenance & Common Element (2)</u></i>					
Annual Activity at End-Of-Period	\$450,000	\$1,350,000	\$1,800,000		\$1,800,000
Total Activity During Period	\$450,000	\$6,007,500	\$9,000,000	\$15,457,500	
<i><u>Rental Apartment Operations (3)</u></i>					
Annual Rental Revenues at End-of-Period	\$4,606,500	\$22,132,500	\$31,452,000		\$31,452,000
Total Revenue Activity During Period	\$4,606,500	\$64,653,000	\$139,802,700	\$209,062,200	
ANNUAL ACTIVITY AT END-OF-PERIOD	\$23,806,500	\$70,732,500	\$85,752,000		\$85,752,000
TOTAL DURING PERIOD	\$23,806,500	\$280,923,000	\$411,302,700	\$716,032,200	

(1) Estimated based on average annual sales of \$750 per square foot for 70,000 gross leasable square feet of commercial space..

(2) Estimated at 150% of operational employee wages costs (central element and maintenance).

(3) Based on forecast net rents paid to apartment owners, less maintenance and common element costs.

Source: Hallstrom Team/CBRE

TABLE C-7

SUMMARY OF ECONOMIC IMPACTS ASSOCIATED WITH DEVELOPMENT
All Amounts Expressed in Constant 2017 Dollars

	2017 to 2020	2021 to 2025	2026 to 2030	Totals During Build-Out	Stabilized Annually
Project Increment	Phase I	Phase I, II & III	Phase IV & V		
<i><u>Construction Activity</u></i>					
Construction Wages	\$12,844,000	\$53,846,000	\$38,038,000	\$104,728,000	
Contractor Profits	\$6,142,857	\$14,982,143	\$9,875,000	\$31,000,000	
Supplier Profits	\$2,457,143	\$5,992,857	\$3,950,000	\$12,400,000	
Other Construction Costs	<u>\$39,984,571</u>	<u>\$75,000,429</u>	<u>\$46,887,000</u>	<u>\$161,872,000</u>	
Total Construction Impact	\$61,428,571	\$149,821,429	\$98,750,000	\$310,000,000	
<i><u>On-Site Business Activity</u></i>					
Commercial/Retail Sales	\$18,750,000	\$210,262,500	\$262,500,000	\$491,512,500	\$52,500,000
Maintenance & Common Element	\$450,000	\$6,007,500	\$9,000,000	\$15,457,500	\$1,800,000
Rental Apartment Operations	<u>\$4,606,500</u>	<u>\$64,653,000</u>	<u>\$139,802,700</u>	<u>\$209,062,200</u>	<u>\$31,452,000</u>
Total Business Impact	\$23,806,500	\$280,923,000	\$411,302,700	\$716,032,200	\$85,752,000
TOTAL BASE ECONOMIC IMPACT					
Total During Period	\$85,235,071	\$430,744,429	\$510,052,700	\$1,026,032,200	\$85,752,000

Source: Hallstrom Team/CBRE

TABLE C-8

**ESTIMATES OF TOTAL ECONOMIC IMPACT FROM SUBJECT CONSTRUCTION
USING INPUT-OUTPUT STUDY "TYPE II" MAUI COUNTY MULTIPLIERS**
All Amounts Expressed in Constant 2017 Dollars

Year	Development, Leasing & Stabilization Period			Totals During Build-Out
	2017 to 2020	2021 to 2025	2026 to 2030	
<i>Construction Costs</i>	\$61,428,571	\$149,821,429	\$98,750,000	\$310,000,000
1. Economic Output Multiplier	2.01	2.01	2.01	2.01
Total State Economic Output	\$123,471,429	\$301,141,071	\$198,487,500	\$623,100,000
2. Earnings Multiplier	0.68	0.68	0.68	0.68
Total Increase in State Earnings	\$41,771,429	\$101,878,571	\$67,150,000	\$210,800,000
3. State Tax Multipliers	0.1024	0.1024	0.1024	0.1024
Total Increase in State Taxes	\$6,290,286	\$15,341,714	\$10,112,000	\$31,744,000
4. Total Job Multipliers	9.40	9.40	9.40	9.40
Total State Jobs Created	577.4	1,408.3	928.3	2,914.0
<i>Construction Employment</i>	248	716	481	1,445
5. Direct-Effect Job Multipliers	1.61	1.61	1.61	1.61
Total Direct Jobs Created	399.6	1,152.0	774.8	2,326.5
<i>Construction Wages</i>	\$81,262,563	\$99,820,218	\$19,935,542	\$201,018,323
6. Direct-Effect Earnings	1.62	1.62	1.62	1.62
Total Increase in Direct Earnings	\$131,645,353	\$161,708,754	\$32,295,578	\$325,649,684

Source: 2012 Hawaii Inter-County Input-Output Study (approved August 2016), and CBRE/Hallstrom Team

TABLE C-9

**ESTIMATES OF TOTAL ECONOMIC IMPACT FROM SUBJECT OPERATIONS
USING INPUT-OUTPUT STUDY "TYPE II" MAUI COUNTY MULTIPLIERS (1)**
All Amounts Expressed in Constant 2017 Dollars

Year	Development, Leasing & Stabilization Period			Stabilized Annually
	2017 to 2020	2021 to 2025	2026 to 2030	
<i><u>Operating Revenues</u></i>	\$23,806,500	\$280,923,000	\$411,302,700	\$85,752,000
1. Economic Output Multiplier	1.66	1.66	1.66	1.66
Total State Economic Output	\$39,399,758	\$464,927,565	\$680,705,969	\$141,919,560
2. Earnings Multiplier	0.44	0.44	0.44	0.44
Total Increase in State Earnings	\$10,474,860	\$123,606,120	\$180,973,188	\$37,730,880
3. State Tax Multipliers	0.0503	0.0503	0.0503	0.0503
Total Increase in State Taxes	\$1,198,062	\$14,137,450	\$20,698,808	\$4,315,469
4. Total Job Multipliers	10.68	10.68	10.68	10.68
Total State Jobs Created	254.1	2,998.9	4,390.7	915.4
<i><u>Operating Employment</u></i>	83	1,254	1,682	308
5. Direct-Effect Job Multipliers	1.31	1.31	1.31	1.31
Total Direct Jobs Created	108.4	1,642.8	2,203.2	403.5
<i><u>Operating Wages</u></i>	\$4,474,476	\$52,609,083	\$68,392,341	\$12,109,760
6. Direct-Effect Earnings	1.62	1.62	1.62	1.62
Total Increase in Direct Earnings	\$7,248,651	\$85,226,715	\$110,795,593	\$19,617,811

(1) Multipliers are taken from two categories and weighted based on economic activity relationship, with 75% weighting to "Retail Trade" multipliers and 25% weighting to "Real Estate & Rentals" category.

Source: 2012 Hawaii Inter-County Input-Output Study (approved August 2016), and CBRE/Hallstrom Team

Addendum D

PUBLIC FISCAL ASSESSMENT TABLES

TABLE D-1

PUBLIC COST AND BENEFITS ASSESSMENT ASSOCIATED WITH THE PROPOSED LELEHUA COMMUNITY
All Amounts Expressed in Constant 2017 Dollars

Development Period	Development, Leasing & Stabilization Period			Totals During Build-Out Period	Stabilized Annually After Build-out
	2017 to 2020	2021 to 2025	2026 to 2030		
PUBLIC BENEFITS (Revenues)					
1. COUNTY REAL PROPERTY TAXES					
<i>Assessed Value</i>					
Vacant Site	\$12,390,300				
Commercial (at Construction Cost plus 10% for land)		\$33,000,000	\$33,000,000		\$33,000,000
Rental Apartment Project (at Construction Cost plus 10% for land)		\$171,875,000	\$275,000,000		\$275,000,000
Total Assessed Value	\$12,390,300	\$204,875,000	\$308,000,000		\$308,000,000
<i>Real Property Taxes</i>					
Vacant Site	\$68,642				
Commercial		\$217,800	\$217,800		\$217,800
Rental Apartment Project		\$1,086,250	\$1,738,000		\$1,738,000
Total Annual Property Taxes (End of Period)	\$68,642	\$1,304,050	\$1,955,800		\$1,955,800
Total Real Property Taxes During Period	\$343,211	\$3,477,925	\$8,041,000	\$11,862,136	

INCLUDES ONLY THOSE TAXES WHICH ARE "NEW" TO MAUI AS RESULT OF THE PROJECT

2. STATE INCOME TAXES					
Taxable Personal Income (Wages Only, No Household Income)	\$17,318,476	\$106,455,083	\$106,430,341	\$230,203,901	\$12,109,760
Taxable Corporate Profits	\$11,964,875	\$59,609,750	\$68,142,025	\$139,716,650	\$11,214,000
Personal Taxes Paid	\$883,242	\$5,429,209	\$5,427,947	\$11,740,399	\$617,598
Corporate Taxes Paid	\$526,455	\$2,622,829	\$2,998,249	\$6,147,533	\$493,416
TOTAL STATE INCOME TAXES	\$1,409,697	\$8,052,038	\$8,426,197	\$17,887,932	\$1,111,014

3. STATE GROSS EXCISE TAX

Taxable Transactions					
Construction Contracts	\$61,428,571	\$149,821,429	\$98,750,000	\$310,000,000	
Worker Disposable Income Purchases (Wages Only, No Household Income)	\$10,391,086	\$63,873,050	\$63,858,205	\$138,122,341	\$7,265,856
Total Taxable Transactions	\$71,819,657	\$213,694,479	\$162,608,205	\$448,122,341	\$7,265,856
TOTAL STATE EXCISE TAX	\$2,992,510	\$8,904,008	\$6,775,396	\$18,671,914	\$302,746

INCLUDES ONLY THOSE REVENUES AND COSTS WHICH ARE "NEW" TO MAUI

TOTAL GROSS PUBLIC REVENUES					
To County of Maui (Item #1)	\$343,211	\$3,477,925	\$8,041,000	\$11,862,136	\$1,955,800
Adjustment for Other Proportional Taxes (1)	2.84	2.84	2.84	2.84	2.84
Adjusted Maui County Revenues	\$974,720	\$9,877,307	\$22,836,440	\$33,688,467	\$5,554,472
Plus Impact Fees (2)	\$6,000,000	\$0	\$0	\$6,000,000	
Total County of Maui Receipts	\$6,974,720	\$9,877,307	\$22,836,440	\$39,688,467	\$5,554,472
To State (Items #2 & #3)	\$4,402,206	\$16,956,046	\$15,201,593	\$36,559,845	\$1,413,760
Adjustment for Other Proportional Taxes (3)	2.17	2.17	2.17	2.17	2.17
Adjusted State Revenues	\$9,552,788	\$36,794,620	\$32,987,456	\$79,334,864	\$3,067,860
Plus Impact Fees (4)	\$1,748,400	\$0	\$0	\$1,748,400	
Total State of Hawaii Receipts	\$11,301,188	\$36,794,620	\$32,987,456	\$81,083,264	\$3,067,860
AGGREGATE TAX REVENUES	\$12,275,908	\$46,671,927	\$55,823,896	\$114,771,731	\$8,622,332

(1) Real property taxes comprise 35.2 percent of General Fund in the County of Maui 2017-18 budget. Economic activity generates other revenue items of 64.8 percent or additional 184 percent above real property taxes, or multiplier of 2.84.

(2) Includes Traffic Impact Fee of \$5,000 per unit.

(3) Gross Excise and Income Taxes comprise 46 percent of collected Executive Branch State revenues; other revenue items 54 percent, or an additional 117% percent above income and gross excise taxes. Or a multiplier of 2.17.

(4) "Construction Cost Component" from negotiated agreement with Department of Education dated June 2006 at \$1,457 obligation per multifamily unit. Developers additionally making "Land Component" contribution.

Source: CBRE/Hallstrom Team

TABLE D-2 - Real Property Taxes

PUBLIC COST AND BENEFITS ASSESSMENT ASSOCIATED WITH THE PROPOSED LELEHUA COMMUNITY
 All Amounts Expressed in Constant 2017 Dollars

Development Period	Development, Leasing & Stabilization Period			Totals During Build-Out Period	Stabilized Annually After Build-out
	2017 to 2020	2021 to 2025	2026 to 2030		
PUBLIC BENEFITS (Revenues)					
1. COUNTY REAL PROPERTY TAXES					
<i>Assessed Value</i>					
Vacant Site	\$12,390,300				
Commercial (at Construction Cost plus 10% for land)		\$33,000,000	\$33,000,000		\$33,000,000
Rental Apartment Project (at Construction Cost plus 10% for land)		\$171,875,000	\$275,000,000		\$275,000,000
Total Assessed Value	\$12,390,300	\$204,875,000	\$308,000,000		\$308,000,000
<i>Real Property Taxes</i>					
Vacant Site	\$68,642				
Commercial		\$217,800	\$217,800		\$217,800
Rental Apartment Project		\$1,086,250	\$1,738,000		\$1,738,000
Total Annual Property Taxes (End of Period)	\$68,642	\$1,304,050	\$1,955,800		\$1,955,800
Total Real Property Taxes During Period	\$343,211	\$3,477,925	\$8,041,000	\$11,862,136	

Source: CBRE/Hallstrom Team

TABLE D-3 State General Excise and Income Taxes

PUBLIC COST AND BENEFITS ASSESSMENT ASSOCIATED WITH THE PROPOSED LELEHUA COMMUNITY
 All Amounts Expressed in Constant 2017 Dollars

Development Period	Development, Leasing & Stabilization Period			Totals During Build-Out Period	Stabilized Annually After Build-out
	2017 to 2020	2021 to 2025	2026 to 2030		
INCLUDES ONLY THOSE TAXES WHICH ARE "NEW" TO MAUI AS RESULT OF THE PROJECT					
2. STATE INCOME TAXES					
Taxable Personal Income (Wages Only, No Household Income)	\$17,318,476	\$106,455,083	\$106,430,341	\$230,203,901	\$12,109,760
Taxable Corporate Profits	\$12,170,975	\$63,113,450	\$75,520,405	\$150,804,830	\$12,862,800
Personal Taxes Paid	\$883,242	\$5,429,209	\$5,427,947	\$11,740,399	\$617,598
Corporate Taxes Paid	\$535,523	\$2,776,992	\$3,322,898	\$6,635,413	\$565,963
TOTAL STATE INCOME TAXES	\$1,418,765	\$8,206,201	\$8,750,845	\$18,375,811	\$1,183,561
3. STATE GROSS EXCISE TAX					
Taxable Transactions					
Construction Contracts	\$61,428,571	\$149,821,429	\$98,750,000	\$310,000,000	
Worker Disposable Income Purchases (Wages Only, No Household Income)	\$10,391,086	\$63,873,050	\$63,858,205	\$138,122,341	\$7,265,856
Total Taxable Transactions	\$71,819,657	\$213,694,479	\$162,608,205	\$448,122,341	\$7,265,856
TOTAL STATE EXCISE TAX	\$2,992,510	\$8,904,008	\$6,775,396	\$18,671,914	\$302,746
Source: CBRE/Hallstrom Team					

TABLE D-4 County and State Revenues

PUBLIC COST AND BENEFITS ASSESSMENT ASSOCIATED WITH THE PROPOSED LELEHUA COMMUNITY
All Amounts Expressed in Constant 2017 Dollars

Development Period	Development, Leasing & Stabilization Period			Totals During Build-Out Period	Stabilized Annually After Build-out
	2017 to 2020	2021 to 2025	2026 to 2030		
TOTAL GROSS PUBLIC REVENUES					
To County of Maui (Item #1)	\$343,211	\$3,477,925	\$8,041,000	\$11,862,136	\$1,955,800
Adjustment for Other Proportional Taxes (1)	2.84	2.84	2.84	2.84	2.84
Adjusted Maui County Revenues	\$974,720	\$9,877,307	\$22,836,440	\$33,688,467	\$5,554,472
Plus Impact Fees (2)	\$6,000,000	\$0	\$0	\$6,000,000	
Total County of Maui Receipts	\$6,974,720	\$9,877,307	\$22,836,440	\$39,688,467	\$5,554,472
To State (Items #2 & #3)	\$4,411,275	\$17,110,209	\$15,526,241	\$37,047,725	\$1,486,307
Adjustment for Other Proportional Taxes (3)	2.17	2.17	2.17	2.17	2.17
Adjusted State Revenues	\$9,572,466	\$37,129,153	\$33,691,944	\$80,393,563	\$3,225,287
Plus Impact Fees (4)	\$1,748,400	\$0	\$0	\$1,748,400	
Total State of Hawaii Receipts	\$11,320,866	\$37,129,153	\$33,691,944	\$82,141,963	\$3,225,287
AGGREGATE TAX REVENUES	\$12,295,587	\$47,006,460	\$56,528,384	\$115,830,430	\$8,779,759

(1) Real property taxes comprise 35.2 percent of General Fund in the County of Maui 2017-18 budget. Economic activity generates other revenue items of 64.8 percent or additional 184 percent above real property taxes, or multiplier of

(2) Includes Traffic Impact Fee of \$5,000 per unit.

(3) Gross Excise and Income Taxes comprise 46 percent of collected Executive Branch State revenues; other revenue items 54 percent, or an additional 117% percent above income and gross excise taxes. Or a multiplier of 2.17.

(4) "Construction Cost Component" from negotiated agreement with Department of Education dated June 2006 at \$1,457 obligation per multifamily unit. Developers additionally making "Land Component" contribution.

Source: CBRE/Hallstrom Team

Addendum E

CLIENT CONTRACT INFORMATION

September 26, 2017

Tom Holliday, CRE, FRICS
Director

MAUI OCEANVIEW LP
A Texas Partnership
Attention: Paul Cheng
2525 McKinney Avenue, Suite B
Dallas, Texas 75201
Phone: 214.415.8868
Email: Paul@usainvestments.com

**RE: Proposal to Complete a Market Study, Economic Impact Analysis,
and Public Cost Benefit Assessment of the
Proposed Pulelehua 900-Unit Apartment Project
Mauka of Honoapiilani Highway at Napili-Honokowai,
West Maui, Lahaina, HI 96761
Tax Map Key (2) 4-3-1-82 (por) & 83 (por)**

Dear Mr. Cheng:

We are pleased to submit this proposal and our Terms and Conditions to complete a series of defined-scope analyses of the proposed 900-unit apartment component of the proposed Pulelehua mater plan which encompasses some 304 acres stretching mauka from Honoapiilani Highway in the Napili-Honokowai area of West Maui adjacent to and makai of the Kapalua West Maui Airport (JHM). As currently envisioned, this initial increment of the larger project will contain 720 "market-priced" and 178 "workforce" rental apartments, along with two single family homes. The apartments will be used for long-term, full-time residential use only (no transient rentals or non-resident tenancy) and the workforce units will be priced according to Maui County affordable rental guidelines.

The apartments, sited on 44.3 acres, will be in three communities in the southwesterly portion of the larger holding together with retail (17.5 acres), parks (10.0 acres), school (13.2 acres) and open space/common area acreage. The project will contain pathways, greenbelts, buffer spaces, and have a low-profile and density appearance.

Our studies would be to analyze the regional market, economic and fiscal impacts associated with the apartment project in support of its revised-entitlement processes, with eventual inclusion of our summary reporting document into any supplementary Environmental Assessment/Environmental Impact Statement or other land use petition submittals.

We note The Hallstrom Group, Inc. (prior to becoming affiliated with CBRE, Inc.) completed a similar series of studies in 2004-2005 for the "Pulelehua Community" under a meaningfully different, larger and more complex master plan which included single family homes and light industrial/business uses. Though significantly evolved and revised, our models for this assignment will be generally similar with the prior study albeit within a briefer summary document. While the Maui market and economy has moved through significant cycles since

2005, the demand for reasonably-priced rental units has continued to increase unabated with minimal additions to supply.

Our study would consist of the following three general components:

1. Market Study. This analysis would include an overview of the Maui/West Maui economy and the regional residential market, focusing on the apartment sector serving resident households (affordable and market-priced), and forecast demographic and land use trends over the next 20 years as the project is developed and absorbed.

We would quantify of demand for long-term residential rental apartments, identify existing and proposed competing supply, determine the appropriateness of the property to support the proposed project; and estimate subject inventory absorption over time under prevailing market and affordable-pricing constraints.

The retail acreage/use would be analyzed as a supporting component of the subject community from a "neighborhood" demand perspective and not on a region-wide basis.

2. Economic Impact Analysis. This analysis would use a micro-econometric model depicting the project from ground-breaking through construction build-out, full absorption and "stabilization" quantifying the flow of capital investment, creation of jobs/wages during construction and stabilized operations/use, projection of resident population, household earnings and their on- and off-site expenditures, total Maui economic benefits, and other aspects of impact in the community. The results of our analysis will be compared with the application of the State Economic Input-Output Model to the project.

We will also complete a Phase II secondary impact overview addressing the effect the proposed development would have on the property values of nearby holdings, whether it is compatible with surrounding uses, and other market-based issues typically raised by County agencies as part of a major land use re-classification.

3. Public Fiscal (Cost/Benefit) Assessment. This assessment would quantify the impacts the project would have on the State and County purses by forecasting the tax revenues (primary and secondary) created by the development and its population verses the costs/services required by the new Maui residents within the new project (actual and per capita). Specifically, the additional real property taxes which would flow to the County and the Gross Excise and Income Taxes which would flow to the State (primarily from the construction effort).

The professional fee associated with this assignment is \$18,800 plus General Excise Tax and Expenses (primarily travel, not to exceed \$600).

Per the identified needs of the client, the assignment would be completed by the end of October 2017 (with a target date of October 27) assuming the signed contract with retainer and necessary market-based and other information is provided by others in a timely manner, specifically the final master plans, entitlement/development timing, infrastructure and other development costs and fees, and anticipated vertical construction costs (if available).

The results of our research and analysis will be contained in a single summary report suitable for inclusion in EA/EIS and other entitlement submittals for the project and County/State agency and public review.

Our fee proposal includes team meeting(s) at the commencement of the project and an interim reporting if so desired. It does not include public hearings/meetings associated with the County review and entitlement process, or preparation for them, which will be billed on a time and charges basis.

Our fee also assumes there will be no significant changes in proposed uses, unit counts or other foundational changes to the project once a final master plan is selected for study and model application which would impact the assignment scope or cause substantial revisions of the initially constructed models. If such occurs the cost impacts will be discussed by the parties.

Tom Holliday, CRE, FRICS, Director of CBRE, Inc. | The Hallstrom Team, will be the primary analyst and contractor contact on this assignment, and will attend team meetings and provide testimony as necessary. His email address is tom.holliday@cbre.com and direct phone number is 808-541-5120.

PROPOSAL SPECIFICATIONS

Purpose:	Completion of necessary market and econometric analysis and modeling associated with EA/EIS reports and other submittals for a proposed development seeking a revision to in-place entitlement.
Intended Use:	Support for and inclusion in a revised EA/EIS, and for internal decision-making purposes by Maui Oceanview LP (the client) and members of the development team.
Intended User:	Maui Oceanview LP (Mr. Paul Cheng, primary contact) and development/entitlement team members, as appropriate. We recognize our completed reports will be subject to review by the public and various governmental agencies.
Inspection:	The subject property and its environs will be inspected.
Report Type:	Summary narrative report of study scope and findings.
Analysis Fee:	\$18,800 total plus GET and expenses.
Expenses:	Expenses are to be paid in addition to professional fees, not to exceed \$600 unless additional trips to Maui are required by client.

Retainer/Interim Billings: A retainer of 50% of the total fee, or \$9,400 is requested at the outset of the assignment. If the retainer is exhausted during completion of the assignment, there may be a single progress billing. A total of 95 percent of the assignment fee is due upon delivery of the draft report, with the final 5% (\$940) due when reviews are completed and the report is published as a final product; not to exceed 30 days from the delivery of the draft.

Make check payable to CBRE, Inc., and mail to CBRE, Attention: Adrienne Sato, 1003 Bishop Street, Suite 1800, Honolulu, Hawaii 96813.

Payment Terms: Final payment is due upon delivery of the final report or within thirty (30) days of your receipt of the draft report, whichever is sooner. 95 percent of the total fee is considered earned upon delivery of the draft report.

Delivery Instructions: CBRE encourages our clients to join in our environmental sustainability efforts by accepting an electronic copy of the report.

An Adobe PDF file via email will be delivered to Paul@usainvestments.com. If the client desires final bound copies and requests them at the commencement of the assignment two will be delivered at no charge. Subsequent or additional orders for bound copies will be charged a fee of \$100 per copy.

Delivery Schedule: By the end of October 2017, with a target date of October 27. Assuming a signed contract and retainer are delivered to CBRE within one week of the submission of this proposal.

Start Date: Upon receipt of signed proposal and retainer.

Acceptance Date: These specifications are subject to modification if this proposal is not accepted within 10 business days from the date of this letter.

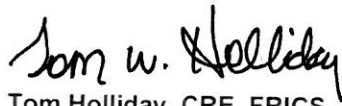
When executed and delivered by all parties, this letter, together with the Terms and Conditions and the Specific Property Data Request attached hereto and incorporated herein, will serve as the Agreement for appraisal services by and between CBRE and Client. Each person signing below represents that it is authorized to enter into this Agreement and to bind the respective parties hereto.

Paul Cheng
Assignment Agreement
Page 5 of 9
September 26, 2017

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,


CBRE, Inc.
Valuation & Advisory Services



Tom Holliday, CRE, FRICS
Director
The Hallstrom Group Team
CBRE | Valuation & Advisory Services
1003 Bishop Street, Suite 1800
Honolulu, HI 96813
Office 808 521-5120
As Agent for CBRE, Inc.

AGREED AND ACCEPTED

FOR MAUI OCEANVIEW LP:

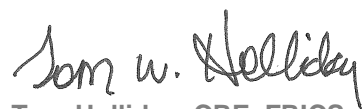
	9/26/17
_____ Signature	_____ Date
PAUL CHENG	president
_____ Name	_____ Title
214.415.8868	paul@USAINVESTMENTS.COM
_____ Phone Number	_____ E-Mail Address

Paul Cheng
Assignment Agreement
Page 5 of 9
September 26, 2017

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,

CBRE, Inc.
Valuation & Advisory Services



Tom Holliday, CRE, FRICS
Director
The Hallstrom Group Team
CBRE | Valuation & Advisory Services
1003 Bishop Street, Suite 1800
Honolulu, HI 96813
Office 808 521-5120
As Agent for CBRE, Inc.

AGREED AND ACCEPTED

FOR MAUI OCEANVIEW LP:

Signature

Date

Name

Title

Phone Number

E-Mail Address

TERMS AND CONDITIONS

1. The Terms and Conditions herein are part of an agreement for appraisal services (the "Agreement") between CBRE, Inc. (the "Appraiser") and the client signing this Agreement, and for whom the appraisal services will be performed (the "Client"), and shall be deemed a part of such Agreement as though set forth in full therein. The Agreement shall be governed by the laws of the state where the appraisal office is located for the Appraiser executing this Agreement.
2. Client shall be responsible for the payment of all fees stipulated in the Agreement. Payment of the appraisal fee and preparation of an appraisal report (the "Appraisal Report, or the "report") are not contingent upon any predetermined value or on an action or event resulting from the analyses, opinions, conclusions, or use of the Appraisal Report. Final payment is due as provided in the Proposal Specifications Section of this Agreement. If a draft report is requested, the fee is considered earned upon delivery of the draft report. It is understood that the Client may cancel this assignment in writing at any time prior to delivery of the completed report. In such event, the Client is obligated only for the prorated share of the fee based upon the work completed and expenses incurred (including travel expenses to and from the job site), with a minimum charge of \$500. Additional copies of the Appraisal Reports are available at a cost of \$250 per original color copy and \$100 per photocopy (black and white), plus shipping fees of \$30 per report.
3. If Appraiser is subpoenaed or ordered to give testimony, produce documents or information, or otherwise required or requested by Client or a third party to participate in meetings, phone calls, conferences, litigation or other legal proceedings (including preparation for such proceedings) because of, connected with or in any way pertaining to this engagement, the Appraisal Report, the Appraiser's expertise, or the Property, Client shall pay Appraiser's additional costs and expenses, including but not limited to Appraiser's attorneys' fees, and additional time incurred by Appraiser based on Appraiser's then-prevailing hourly rates and related fees. Such charges include and pertain to, but are not limited to, time spent in preparing for and providing court room testimony, depositions, travel time, mileage and related travel expenses, waiting time, document review and production, and preparation time (excluding preparation of the Appraisal Report), meeting participation, and Appraiser's other related commitment of time and expertise. Hourly charges and other fees for such participation will be provided upon request. In the event Client requests additional appraisal services beyond the scope and purpose stated in the Agreement, Client agrees to pay additional fees for such services and to reimburse related expenses, whether or not the completed report has been delivered to Client at the time of such request.
4. Appraiser shall have the right to terminate this Agreement at any time for cause effective immediately upon written notice to Client on the occurrence of fraud or the willful misconduct of Client, its employees or agents, or without cause upon 30 days written notice.
5. In the event Client fails to make payments when due then, from the date due until paid, the amount due and payable shall bear interest at the maximum rate permitted in the state where the office is located for the Appraiser executing the Agreement. In the event either party institutes legal action against the other to enforce its rights under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and expenses. Each party waives the right to a trial by jury in any action arising under this Agreement.
6. Appraiser assumes there are no major or significant items or issues affecting the Property that would require the expertise of a professional building contractor, engineer, or environmental consultant for Appraiser to prepare a valid report. Client acknowledges that such additional expertise is not covered in the Appraisal fee and agrees that, if such additional expertise is required, it shall be provided by others at the discretion and direction of the Client, and solely at Client's additional cost and expense.
7. In the event of any dispute between Client and Appraiser relating to this Agreement, or Appraiser's or Client's performance hereunder, Appraiser and Client agree that such dispute shall be resolved by means of binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by an arbitrator may be entered in any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state where the office of the Appraiser executing this Agreement is located. The arbitrator shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar damages. The prevailing party in the arbitration proceeding shall be entitled to recover its expenses from the losing party, including costs of the arbitration proceeding, and reasonable attorney's fees. Client acknowledges that Appraiser is being retained hereunder as an independent contractor to perform the services described herein and nothing in this Agreement shall be deemed to create any other relationship

between Client and Appraiser. This engagement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal Report discussed herein.

8. All statements of fact in the report which are used as the basis of the Appraiser's analyses, opinions, and conclusions will be true and correct to Appraiser's actual knowledge and belief. Appraiser does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the condition of the Property furnished to Appraiser by Client or others. TO THE FULLEST EXTENT PERMITTED BY LAW, APPRAISER DISCLAIMS ANY GUARANTEE OR WARRANTY AS TO THE OPINIONS AND CONCLUSIONS PRESENTED ORALLY OR IN ANY APPRAISAL REPORT, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE EVEN IF KNOWN TO APPRAISER. Furthermore, the conclusions and any permitted reliance on and use of the Appraisal Report shall be subject to the assumptions, limitations, and qualifying statements contained in the report.
9. Appraiser shall have no responsibility for legal matters, including zoning, or questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The report will not constitute a survey of the Property analyzed.
10. Client shall provide Appraiser with such materials with respect to the assignment as are requested by Appraiser and in the possession or under the control of Client. Client shall provide Appraiser with sufficient access to the Property to be analyzed, and hereby grants permission for entry unless discussed in advance to the contrary.
11. The data gathered in the course of the assignment (except data furnished by Client) and the report prepared pursuant to the Agreement are, and will remain, the property of Appraiser. With respect to data provided by Client, Appraiser shall not violate the confidential nature of the Appraiser-Client relationship by improperly disclosing any proprietary information furnished to Appraiser. Notwithstanding the foregoing, Appraiser is authorized by Client to disclose all or any portion of the report and related data as may be required by statute, government regulation, legal process, or judicial decree, including to appropriate representatives of the Appraisal Institute if such disclosure is required to enable Appraiser to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.
12. Unless specifically noted, in preparing the Appraisal Report the Appraiser will not be considering the possible existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (collectively, "Hazardous Material") on or affecting the Property, or the cost of encapsulation or removal thereof. Further, Client represents that there is no major or significant deferred maintenance of the Property that would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, at Client's discretion and direction, and are not covered as part of the Appraisal fee.
13. In the event Client intends to use the Appraisal Report in connection with a tax matter, Client acknowledges that Appraiser provides no warranty, representation or prediction as to the outcome of such tax matter. Client understands and acknowledges that any relevant taxing authority (whether the Internal Revenue Service or any other federal, state or local taxing authority) may disagree with or reject the Appraisal Report or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect additional taxes, interest, penalties or fees from Client beyond what may be suggested by the Appraisal Report. Client agrees that Appraiser shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees and that Client will not seek damages or other compensation from Appraiser relating to any such taxes, interest, penalties or fees imposed on Client, or for any attorneys' fees, costs or other expenses relating to Client's tax matters.
14. Appraiser shall have no liability with respect to any loss, damage, claim or expense incurred by or asserted against Client arising out of, based upon or resulting from Client's failure to provide accurate or complete information or documentation pertaining to an assignment ordered under or in connection with this Agreement, including Client's failure, or the failure of any of Client's agents, to provide a complete copy of the Appraisal Report to any third party.
15. LIMITATION OF LIABILITY. EXCEPT TO THE EXTENT ARISING FROM SECTION 16 BELOW, OR SECTION 17 IF APPLICABLE, IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATE, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR CONTRACTORS BE LIABLE TO THE OTHER, WHETHER BASED IN CONTRACT, WARRANTY, INDEMNITY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT OR OTHERWISE, FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, INCIDENTAL OR INDIRECT DAMAGES, AND AGGREGATE DAMAGES IN CONNECTION WITH THIS AGREEMENT FOR EITHER PARTY (EXCLUDING THE OBLIGATION TO PAY THE FEES REQUIRED HEREUNDER) SHALL NOT EXCEED THE GREATER OF THE TOTAL FEES PAYABLE TO APPRAISER UNDER THIS AGREEMENT OR TEN THOUSAND DOLLARS (\$10,000). THIS LIABILITY LIMITATION SHALL NOT

APPLY IN THE EVENT OF A FINAL FINDING BY AN ARBITRATOR OR A COURT OF COMPETENT JURISDICTION THAT SUCH LIABILITY IS THE RESULT OF A PARTY'S FRAUD OR WILLFUL MISCONDUCT.

16. Client shall not disseminate, distribute, make available or otherwise provide any Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties) except to (i) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the Appraisal Report provided that either Appraiser has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the Appraisal Report to such third party, (ii) any third party service provider (including rating agencies and auditors) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, or (iii) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, in no event shall the receipt of an Appraisal Report by such party extend any right to the party to use and rely on such report, and Appraiser shall have no liability for such unauthorized use and reliance on any Appraisal Report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Appraisal Report.
17. In the event an Intended User incorporates or references the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties, Client shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any Damages in connection with (i) any transaction contemplated by this Agreement or in connection with the appraisal or the engagement of or performance of services by any Indemnified Party hereunder, (ii) any actual or alleged untrue statement of a material fact, or the actual or alleged failure to state a material fact necessary to make a statement not misleading in light of the circumstances under which it was made with respect to all information furnished to any Indemnified Party or made available to a prospective party to a transaction, or (iii) an actual or alleged violation of applicable law by an Intended User (including, without limitation, securities laws) or the negligent or intentional acts or omissions of an Intended User (including the failure to perform any duty imposed by law); and will reimburse each Indemnified Party for all reasonable fees and expenses (including fees and expenses of counsel) (collectively, "Expenses") as incurred in connection with investigating, preparing, pursuing or defending any threatened or pending claim, action, proceeding or investigation (collectively, "Proceedings") arising therefrom, and regardless of whether such Indemnified Party is a formal party to such Proceeding. Client agrees not to enter into any waiver, release or settlement of any Proceeding (whether or not any Indemnified Party is a formal party to such Proceeding) without the prior written consent of Appraiser (which consent will not be unreasonably withheld or delayed) unless such waiver, release or settlement includes an unconditional release of each Indemnified Party from all liability arising out of such Proceeding.
18. Time Period for Legal Action. Unless the time period is shorter under applicable law, except in connection with paragraphs 16 and 17 above, Appraiser and Client agree that any legal action or lawsuit by one party against the other party or its affiliates, officers, directors, employees, contractors, agents, or other representatives, whether based in contract, warranty, indemnity, negligence, strict liability or other tort or otherwise, relating to (a) this Agreement or the Appraisal Report, (b) any services or appraisals under this Agreement or (c) any acts or conduct relating to such services or appraisals, shall be filed within two (2) years from the date of delivery to Client of the Appraisal Report to which the claims or causes of action in the legal action or lawsuit relate. The time period stated in this section shall not be extended by any incapacity of a party or any delay in the discovery or accrual of the underlying claims, causes of action or damages.

SPECIFIC PROPERTY DATA REQUEST

To complete this assignment under the terms outlined, CBRE, Inc., Valuation & Advisory Services, will require the following specific information for the property:

- Master Plan(s) and available descriptions of proposed development.
- Proposed product count, mix, size, type, any pricing concepts (as available).
- Estimated infrastructure costs and vertical construction costs for the project (the latter we can provide if unavailable).
- Site/parcel, topography or other maps showing the property location.
- Any pre-marketing studies or concepts.
- Any studies completed by others regarding the project.
- Client contact for arranging site inspection.

Any other information that might be helpful in analyzing this property.

If any of the requested data and information is not available, CBRE, Inc., reserves the right to extend the delivery date by the amount of time it takes to receive the requested information or make other arrangements. Please have the requested information delivered to the following:

Tom Holliday, CRE, FRICS | Director
The Hallstrom Group Team
CBRE Valuation & Advisory Services
CBRE Hotels
1003 Bishop St, Suite 1800 | Honolulu, HI 96813
T 808 541 5120 | F 808 541 5155
Tom.Holliday@cbre.com | www.cbre.com

Addendum F

QUALIFICATIONS

PROFESSIONAL QUALIFICATIONS OF THOMAS W. HOLLIDAY, CRE, FRICS

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		<ul style="list-style-type: none">• CRE Designation (2015) - The Counselors of Real Estate• FRICS Designation (2016)-Royal Institution of Chartered Surveyors
Education		<ul style="list-style-type: none">• 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 <u>Hawaii Real Estate Investor</u>, Honolulu Star Bulletin <p>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).</p>
Recent Neighbor Island Assignments		<ul style="list-style-type: none">• Market Study, Economic Impact Analyses and Public Costs/Benefits (Fiscal Impact) Assessments <p><u>Maui</u></p> <ul style="list-style-type: none">-- 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) <p><u>Big Island</u></p> <ul style="list-style-type: none">-- Kamakana Villages (Mixed-Use Residential Development)-- W.H. Shipman Ltd, Master Plan (Various Urban Uses)-- Nani Kahuku Aina (Mixed-Use Resort Community)-- Kona Kai Ola (Mixed-Use Resort Community)-- Waikoloa Highlands (Residential)-- Waikoloa Heights (Mixed-Use Residential Development)

Professional Qualifications of Thomas W. Holliday (continued)

Kauai

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

- Major Neighbor Island Valuation Assignments

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

Email Address

TWH@HallstromGroup.com | Tom.Holliday@cbre.com

PROFESSIONAL QUALIFICATIONS OF JAELYN M. ODANI

Business Affiliation	Appraiser	The Hallstrom Group CBRE, Inc. Valuation & Advisory Services Honolulu, Hawaii (2015 - Present)
	Appraiser/Analyst	The Hallstrom Group, Inc. Honolulu, Hawaii (2005 - 2014)
State of Hawaii	Hawaii Certified Appraiser Trainee #R160315007 Exp. Date: December 31, 2017	
Education	<ul style="list-style-type: none">• A.A. (Liberal Arts) 2008 – Kapiolani Community College• B.A. (English) 2014 – Hawaii Pacific University	
Email Address	Jaelyn.Odani@cbre.com	