

# MARKET STUDY, ECONOMIC IMPACT ANALYSIS, AND PUBLIC FISCAL ASSESSMENT OF THE PROPOSED PULELEHUA 900-UNIT MIXED-USE PROJECT

Mauka of Honoapiilani Highway at Napili-Honokowai,  
West Maui, Lahaina, Hawaii 96761  
CBRE, Inc. File No. 17-251LA-3983

Paul Cheng  
MAUI OCEANVIEW LP  
16610 N. Dallas Parkway, Suite 1600  
Dallas, Texas 75248

[www.cbre.com/valuation](http://www.cbre.com/valuation)

**CBRE**



April 11, 2019

Paul Cheng  
Maui Oceanview LP  
16610 N. Dallas Parkway, Suite 1600  
Dallas, Texas 75248

**RE: Market Study, Economic Impact Analysis, and  
Public Cost Benefit Assessment of the  
Proposed Pulelehua 900-Unit Mixed-Use 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 900-unit Pulelehua master-planned project which encompasses some 310 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 800 rental apartments (520 "market-priced" and 280 "workforce" units), 100 single family homesites (including one bulk acreage estate lot), along with 70,186 square feet neighborhood-serving commercial/retail space. The apartments will be used for long-term, full-time residential use only (no transient rentals), with the workforce units priced according to Maui County affordable rental guidelines. The homesites will be sold at market prices for with the finished houses to be built by the lot purchaser.

All basic entitlements are in place for project with only minor County approvals remaining. The project is within a larger holding which may (or may not) support future development. Pulelehua could also potentially contain up to 300 "Ohana" (accessory dwelling) units which are not addressed in our study.

The apartments and lots/homes will be competitive within the general, under-supplied West Maui residential market attracting a wide spectrum of both full-time resident households and non-resident second home purchasers. Pulelehua will have significant regional and island-wide economic and public fiscal impacts.

The apartments will be sited on some 83 gross acres developed in a series of neighborhoods in the central and southerly portions of the larger holding. There will be two single family subdivisions at the northerly and southerly edges of the project comprising some 48 gross acres. Retail and a limited number of live/work units will be located in four pods totaling 27 acres in the central area of the community together, one of which fronts Honoapiilani Highway. The



remainder of the site will be parks, open space and buffers areas (124 acres) and the estate lot. The project will contain pathways, greenbelts, common elements and have a low-profile and low-density appearance, as shown in the following master plan.



Our studies analyzed the regional market for additional single family and apartment residential product and the economic and fiscal impacts associated with Pulelehua development in support of its revised-entitlement processes. We acknowledge this summary report may be incorporated into supplementary Environmental Assessment/ Environmental Impact Statement(s) 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 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.

The publication date of this revised report is April 11, 2019, reflecting evolutions in the master plan (notably inclusion of the single family subdivisions) since issuance of prior May 23, 2018

document, which contained revisions resulting from the review of our original November 14, 2017 document by State and County agencies. We have not updated any of the market data, time-frames or pertinent conclusions from the prior studies; however, given the continuing post-recession upcycle of the Maui residential real estate sector, strength of the general island economy, and chronic shortfall of residential product (particularly “affordable” units), the positive context of the market has been sustained over the past 17 months.

Within this revised report, all tables and conclusions continue to reflect the original 13+ year timeframe from the mid-2017 through year-end 2030.

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 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 and single family lots/homes, 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 “new” fiscal impacts project development and “operation” would have on the State and County purses by forecasting the tax revenues (primary and secondary) created via the construction of Pulelehua, the on-going operation of the apartment complex and commercial businesses, maintenance and renovation of the single family homes, the household income and spending of its resident population, and other on and off-site economic activity generated versus the additional governmental costs incurred to support the population of the project. While the overall impacts are presented, our specific concern is only for the “new”/additional

benefits and costs to the State and County, not merely that which is being moved from one location on Maui to another, which is effectively an off-set.

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 possible there may be an up to 300 additional Accessory Dwelling Units (ADUs), or “Ohana units” within the development, which may or may not be built and/or be added to the inventory. These units have some entitlements and would raise the total unit count at Pulelehua from 900 to 1,200 units. Again, these units are only an indefinite possibility at present and are not included in our analysis.

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.

We appreciate the opportunity to be of service to Maui Oceanview LP regarding this highly-needed, sustainable, workforce, rental apartment and single family housing project. Please contact us if further discussion or detail is required.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES

A handwritten signature in black ink that reads "Tom W. Holliday". The signature is written in a cursive, slightly stylized font. Below the signature is a horizontal line.

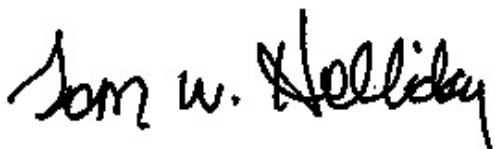
Tom Holliday, CRE, FRICS  
Director

Phone: (808) 541-5120  
Fax: (808) 541-5155  
Email: [Tom.Holliday@cbre.com](mailto:Tom.Holliday@cbre.com)

## 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. Benjamin Holliday provided significant assistance to the persons signing this report. 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

Phone: (808) 541-5120  
Fax: (808) 541-5155  
Email: Tom.Holliday@cbre.com

Table of Contents

Certification ..... 1

Table of Contents.....ii

EXECUTIVE SUMMARY ..... 1

The Subject Property and Proposed Project ..... 15

The West Maui District Residential Market ..... 21

Analysis of the Commercial/Retail Component ..... 49

Economic Impacts of the Proposed Development ..... 51

Public Fiscal (Costs/Benefits) from the Proposed Development..... 64

Assumptions and Limiting Conditions..... 71

ADDENDA

- A Market Study Tables
- B Absorption Forecast Tables
- C Economic Impact Tables
- D Public Fiscal Assessment Tables
- E Qualifications



## EXECUTIVE SUMMARY

### INTRODUCTION

The Pulelehua master planning area is comprised of approximately 310 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 for 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 Mau 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 to construct the 900-units in the master plan which are the subject of this study (800 apartment units and 100 single family homes) Further county permitting would be necessary for the possible 300 Additional Dwelling/ "Ohana" Units discussed by the developer but excluded from this study.

The current maximum master plan build-out design calls for:

- 800 long-term residential rental apartments; 520 of which will be rented at "market rate" and 280 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.

- 100 market-priced single family lots, including one estate lot, upon which the purchasers would construct custom homes (although small blocks of lots may be sold in bulk to local builders).
- 70,000-square-feet of neighborhood-oriented commercial/retail floor area.
- 124 acres of parks/common areas/open space and buffers.
- 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).
- Up to 300 Accessory Dwelling ("Ohana") Units could potentially be built within the project and larger holding; however, their construction is indeterminant and they are not included in our analysis.

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, Kaaanapali 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 and for sale housing opportunities (particularly workforce/affordable rental apartments), 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 900 rental apartments and single family lots/homes 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 capital investment, 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 visited/viewed by our firm on many occasions.

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 9 years from 2018 through 2026, with the units taking seven years to be completed and absorbed (2020 through 2026), commencing with initial site work and infrastructure emplacement in 2019, through construction and leasing of the last units in 2026. This time frame effectively depicts the

life-span of the project from ground-breaking, through build-out, and its eventual functional "stabilization". We recognize the speed at which homes are built on the 100 single family lots is beyond the control the master developer, and may extend for years (or decades) past our projection period; however, as we use constant dollars in our models, the capital investment, economic impacts, and stabilized operation total the same regardless of the length of build-out.

Primary and direct secondary capital/economic outcomes from the development of Pulelehua are quantified in periodic segments (from 2017-2020, 2021-2025 and for 2026), the resident population in the community is estimated, and the resultant new taxes and spending flowing to/from 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.

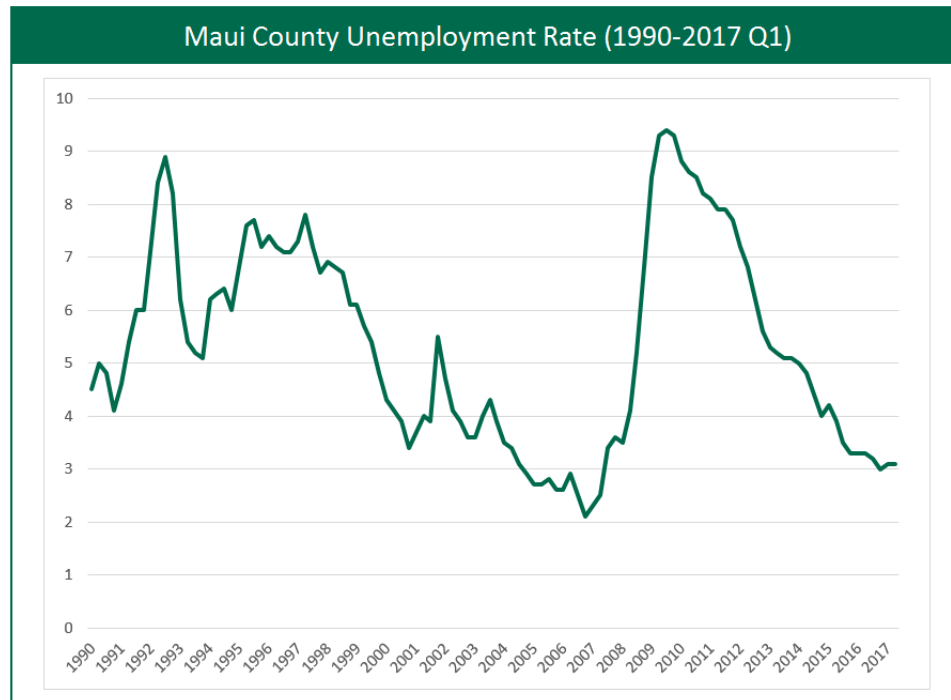
## PRIMARY STUDY CONCLUSIONS

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 (UHRO) *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 UHRO Maui forecasts are shown below.



| COUNTY MAJOR ECONOMIC INDICATORS<br>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) <sup>1</sup>                               | 8,680  | 8,941    | 9,231  | 9,359  | 9,496  | 9,636  |
| Visitor days (thousands) <sup>1</sup>                                   | 78,620 | 80,383   | 83,127 | 84,114 | 85,386 | 86,682 |
| Visitor expenditures (million dollars) <sup>1</sup>                     | 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\$) <sup>2</sup>                  | 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 <sup>3</sup>                                 | 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<br>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 |
|------------------------------------|-------------|------------------|-----------|
| <b>Single Family Median Price</b>  | \$1,334,500 | \$1,700,000      | \$847,500 |
| <b>Multi-Family Average Price</b>  | \$482,500   | \$922,000        | \$425,000 |
| <b>Median Rent (Year-End 2015)</b> | \$1,245     | \$1,434          | \$2,344   |

- We estimate the demand for new residential (non-TVR) 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 (TVRs). 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              |
| <b>Grand Total</b> | <b>48</b>       |

| Unit Type          | Average Rent      |
|--------------------|-------------------|
| Apartment          | \$2,750.07        |
| Condo              | \$3,722.13        |
| House              | \$4,055.16        |
| <b>Grand Total</b> | <b>\$3,570.44</b> |

| Beds               | Average (Rent)    |
|--------------------|-------------------|
| Studio             | \$1,272.50        |
| 1                  | \$2,403.57        |
| 2                  | \$2,939.07        |
| 3                  | \$3,746.18        |
| 4                  | \$5,373.33        |
| <b>Grand Total</b> | <b>\$3,391.09</b> |

- 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 900 proposed apartments and single family lots of Pulelehua will require about seven years to be fully absorbed following commencement of pre-leasing (project year 2) with full absorption by project year 9. It is anticipated the 280 workforce (affordably-priced) rental apartments will be absorbed via a lottery/waiting list as quickly as they are offered to the market and the 620 market-priced units and lots would be quickly leased-up/sold as they are completed.
- Cumulatively, this absorption estimate represents only about 31.2 percent of total regional residential demand during their offering period; which we consider to be a 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 PROJECT

| Residential Component |  |            |                |            |                                |            |                 |            |  |
|-----------------------|--|------------|----------------|------------|--------------------------------|------------|-----------------|------------|--|
| Year                  | Workforce Rentals  |            | Market Rentals |            | Market Single Family Homes (1) |            | Total Inventory |            |  |
| Project               | Annually   | Cumulative | Annually       | Cumulative | Annually                       | Cumulative | Annually        | Cumulative |  |
| 1 & 2                 | Final approvals/entitlements achieved in Year 1, initial grading/site work and infrastructure emplacement commences and is completed in Year 2. Vertical construction begins in Year 2 with unit reservations/lottery beginning commensurately. First product completed and available for occupancy in Year 3. |            |                |            |                                |            |                 |            |  |
| 3                     | 40   | 40         | 75             | 75         | 15                             | 15         | 130             | 130        |  |
| 4                     | 40   | 80         | 75             | 150        | 15                             | 30         | 130             | 260        |  |
| 5                     | 40   | 120        | 75             | 225        | 15                             | 45         | 130             | 390        |  |
| 6                     | 40   | 160        | 75             | 300        | 15                             | 60         | 130             | 520        |  |
| 7                     | 40   | 200        | 75             | 375        | 15                             | 75         | 130             | 650        |  |
| 8                     | 40   | 240        | 75             | 450        | 15                             | 90         | 130             | 780        |  |
| 9                     | 40   | <b>280</b> | 70             | <b>520</b> | 10                             | <b>100</b> | 120             | <b>900</b> |  |

#### Commercial Component

| Gross Leaseable Area in Square Feet | Project Year Built | Years to Absorb |
|-------------------------------------|--------------------|-----------------|
| 50,000                              | 3                  | 2               |
| 20,186                              | 5                  | 1               |
| <b>70,186</b>                       |                    | <b>3</b>        |

(1) Includes one "Estate Lot" of 45 acres.

### 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 2026, and stabilized "operations" (commercial/retail businesses, common element management and maintenance) thereafter. The entire model effectively runs from 2019 to 2026.

It is presented in three periods, and two summary columns:

1. 2017 to 2020, or from the study date, through entitlements (2018), infrastructure work, initial vertical construction, and pre-leasing/pre-sales (2019), and initial apartment and home occupancy (2020).



2. 2021 to 2025, construction of apartments and homes continues throughout period and first phase of commercial space is occupied and in operation (2021), followed by second phase in 2022.
3. 2026, the project is built-out and absorbed and all components are in full-operation by end of year.
4. Totals During Build-Out, presents the cumulative total numbers/amounts during the 2019 through 2026 build-out timeframe.
5. Stabilized Annually, the number/amount of permanent, pertinent indicators on a stabilized basis going-forward following project build-out.

The developer intends to build the project in three phases each with a mix of market and workforce/affordable apartments and selection of homesites.

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 \$324.2 million of new, direct capital investment with significant unquantified indirect expenditures into the island's real estate market and generate \$966.3 million in total economic activity islandwide during its build-out and stabilization over a 9-year period (forecast from circa 2018 to 2026). It will contribute some \$74.8 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 1,516 "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 189 worker years annually, with an estimated \$110.3 million in wages (averaging about \$13.8 million per year).
- The commercial/retail businesses, apartment rental company, and community management and landscape/maintenance of the 70,000 square feet of commercial space and 800 apartment units will create 982 worker-years of employment from 2020 through 2026 and associated wages of \$33.4 million. Once stabilized these project components will create demand for 228 permanent FTE positions with annual wages of \$7.8 million.
- Associated secondary/off-site employment during the overall development and absorption time-frame will total 654 worker-years with wages of \$42.0 million and a stabilized FTE job-count of 76 with total wages of \$4.1 million per year.
- During build-out the 898 households containing 2,380 residents at Pulelehua will have aggregate incomes of \$334.6 million (2020-2026) and will stabilize at \$81.2 million annually thereafter.

- Discretionary expenditures into Maui businesses by the Pulelehua population will be some \$167.3 million during build-out and average \$40.9 million per year on a stabilized basis. We note this will not all necessarily be new income and spending for Maui as many of the households would merely be located elsewhere on the island if Pulelehua wasn't constructed.
- We estimate that about one-half (50%) of the resident households in the project will be comprised of new/in-migrating Maui residents. Their household income and spending will be "new" to Maui and not just redirected from elsewhere on the island. These 1,190 persons will have cumulative household incomes of some \$167.3 million during build-out and \$40.9 million annually on a stabilized basis. Their discretionary income will total \$83.7 million from 2020 through 2026, and stabilize at \$20.4 million per year.
- The on-going commercial/retail, apartment rental, and management and maintenance activity in the community will total \$642.1 million during the 2020-2026 projection period and average \$74.8 million per year on a stabilized basis. The base impact to the Maui from 2018 through 2026 will be \$966.3 million and average \$74.8 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.

In-migration to Maui accounts for about 50 to 60 percent of the total net increase in resident population figures. We estimate that about half (50%) of Pulelehua residents and households will be in-migrating during the absorption period. These individuals represent “new” impacts to the economy and the public purse. Their household income and spending creates new tax dollars for the State, while their presence on the island creates new per capita spending obligations for the State and County.

Our focus is on these “new” to Maui 1,190 individuals and 450 households.

The 1,190 full-time residents within the subject project which are not in-migrants are 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; the General Excise Taxes and Income Taxes to the State from construction worker wages, the new Maui households, the commercial/retail businesses and their employees, the apartment rental operation, and community association management and maintenance (and their employees).

- The County of Maui will realize “new” Real Property Taxes (\$9.8 million), traffic impact fees (\$6 million), and other secondary receipts and development fee totaling \$33.8 million during the 9-year building and initial residency projection period (2018-2026), and \$6.1 million annually on a stabilized basis thereafter.
- The State of Hawaii will receive “new” Gross Excise and Income taxes, secondary revenues, and school impact fees of \$89.0 million during the 2018-2026 modeling period, and \$9.4 million per year thereafter.
- The County of Maui will incur “new” additional per capita public costs of \$15.2 million during build-out and \$4.1 million annually on a stabilized basis in 2027 and beyond.
- The State of Hawaii will incur “new” additional per capita public costs of \$36.6 million during build-out and \$9.9 million annually on a stabilized basis in 2027 and beyond.
- The net public benefit to Maui from Pulelehua, beyond the provision of critical workforce and market rental opportunities in West Maui, will be \$18.6 million during construction and absorption and \$1.9 million per year as stabilized.
- The net public benefit to the State of Hawaii from Pulelehua will be \$52.5 million during construction and absorption and a loss of \$540,000 per year as stabilized.

- 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 construction and build-out period (2018-2026) 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<br>During Build-Out<br>Period | Stabilized Annually<br>Thereafter |
|--|--|-----------------------------------|
| Direct Capital Investment                        | \$324,166,667                            |                                   |
| Local Contractor's Profits                       | \$32,416,667                             |                                   |
| Local Supplier's Profits                         | \$12,966,667                             |                                   |
| Worker Years of Jobs                             | 3,274                                    | 304                               |
| Employee Wages                                   | \$185,798,050                            | \$11,930,880                      |
| Total Resident Population                        |  | 2,380                             |
| New Immigrating Maui Residents                   |  | 1,190                             |
| Resident Household Income                        | \$334,608,098                            | \$81,748,890                      |
| New Maui Resident Household Income               | \$167,304,049                            | \$40,874,445                      |
| Resident Discretionary Expenditures              | \$167,304,049                            | \$40,874,445                      |
| New Maui Resident Discretionary Income           | \$83,652,025                             | \$20,437,222                      |
| Total Operating/Business Activity Gross Receipts | \$642,111,000                            | \$74,760,000                      |
| Outside Patronage Expenditures                   | \$96,065,625                             | \$6,825,000                       |
| Total Maui "Base" Economic Impact                | \$966,277,667                            | \$74,760,000                      |

**INCLUDES ONLY THOSE TAXES WHICH ARE "NEW" TO MAUI**

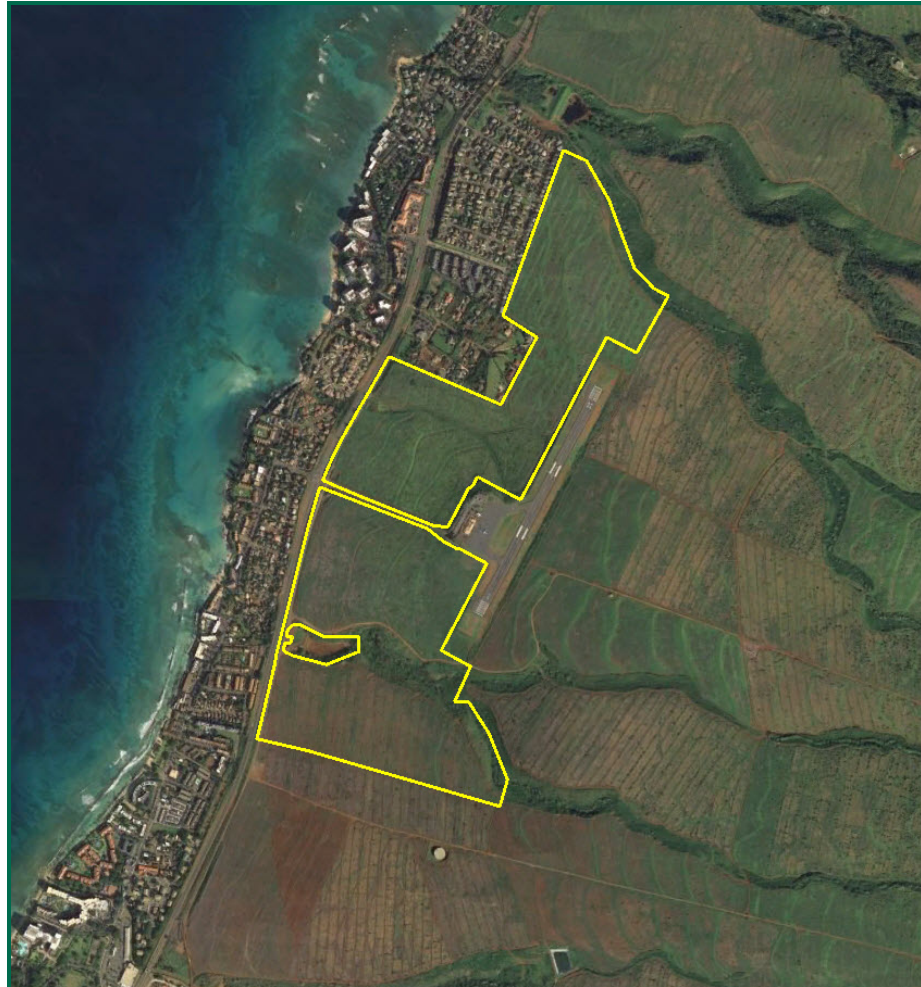
|  |              |             |
|--|--------------|-------------|
| County of Maui Gross New Tax Receipts      | \$33,817,504 | \$6,059,888 |
| State of Hawaii Gross New Tax Receipts     | \$89,048,090 | \$9,409,814 |
| County of Maui New Expenditures            | \$15,223,392 | \$4,141,414 |
| State of Hawaii New Expenditures           | \$36,574,328 | \$9,949,781 |
| County of Maui Net New Profits/(Expenses)  | \$18,594,112 | \$1,918,474 |
| State of Hawaii Net New Profits/(Expenses) | \$52,473,762 | (\$539,967) |

Source: CBRE/Hallstrom Team

## The Subject Property and Proposed Project

### LOCATION AND MASTER PLAN

The irregular shaped 310-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 project is summarized as follows; however, via agreements with the County there will be 280 workforce housing units, this is equivalent to 31.1% of the total unit count and 45% of the market unit count; far exceeding the 25% of market unit threshold in County ordinance. There will be 280 workforce/affordable apartment units, 520 market-priced apartment units and 100 market-priced single family house lots.

| Pulelehua                                |   |                      |           |                  |
|--|---|----------------------|-----------|------------------|
| Entitled and Owned Property Rights Recap |   |                      |           |                  |
| January 2019                             |   |                      |           |                  |
| Total Land                               |   |                      |           | 304 Acres        |
| Apartments                               |   |                      | Units     | Total            |
| Market Rate                              |   |                      | 460       | 800 Units        |
| Market Rate Live Work apartments         |   |                      | 60        |                  |
| Workforce regular apartments             |   |                      | 270       |                  |
| Workforce Live Work apartments           |   |                      | 10        |                  |
| Total                                    |   |                      |           |                  |
| SF Lots                                  | Wide  | Depth                | Lots      | 99 Lots          |
| North Lots                               | 65  | 130-150              | 43        |                  |
| Central Lots                             | 65  | 130-150              | 27        |                  |
| South Lots                               | 65  | 130-150              | 14        |                  |
| Scenic Lots                              | 80  | 150-180              | 15        |                  |
| Total                                    |   |                      |           | 99               |
| Estate Lot                               | 1   | 45                   | Acres     | 1                |
| Retail                                   | NRSF  |                      |           |                  |
| North                                    | NA  | Uphill               |           | 70,186 NRSF      |
| Akahele                                  | NA  | Main intersection    |           |                  |
| South                                    | NA  | Southern Pod by Park |           |                  |
| Regional Sports Park                     | Multi Sport   |                      |           | 10 Acres         |
| Elementary School                        | Site Dedicated within our Property                                    |                      |           |                  |
| Utilities                                |   |                      |           |                  |
| Sewer Plant                              |   |                      |           |                  |
| Water Plant                              |   |                      |           |                  |
| Water Tanks                              |   |                      |           |                  |
| Water Rights                             | from aqueduct uphill  |                      |           | 1,000,000 Ga/Day |
| Reservoirs                               | Ga Storage  |                      |           |                  |
| Small Reservoir                          |   |                      | 2,000,000 |                  |
| Large Reservoir                          |   |                      | 6,000,000 |                  |
| Easements to Utility Plants              |   |                      |           |                  |
| Solar                                    | Likely to have free Solar Facility at half of Market Rate Electricity |                      |           |                  |

There is the potential for another 300-accessory dwelling/Ohana units which are pending county approval. We have not included these units in our study, but note there would be sufficient demand in the market to absorb them in a reasonable time post-2026. Transient Vacation Units (TVRs) use will not be permitted in the project.

### BUILDING AND UNIT TYPES

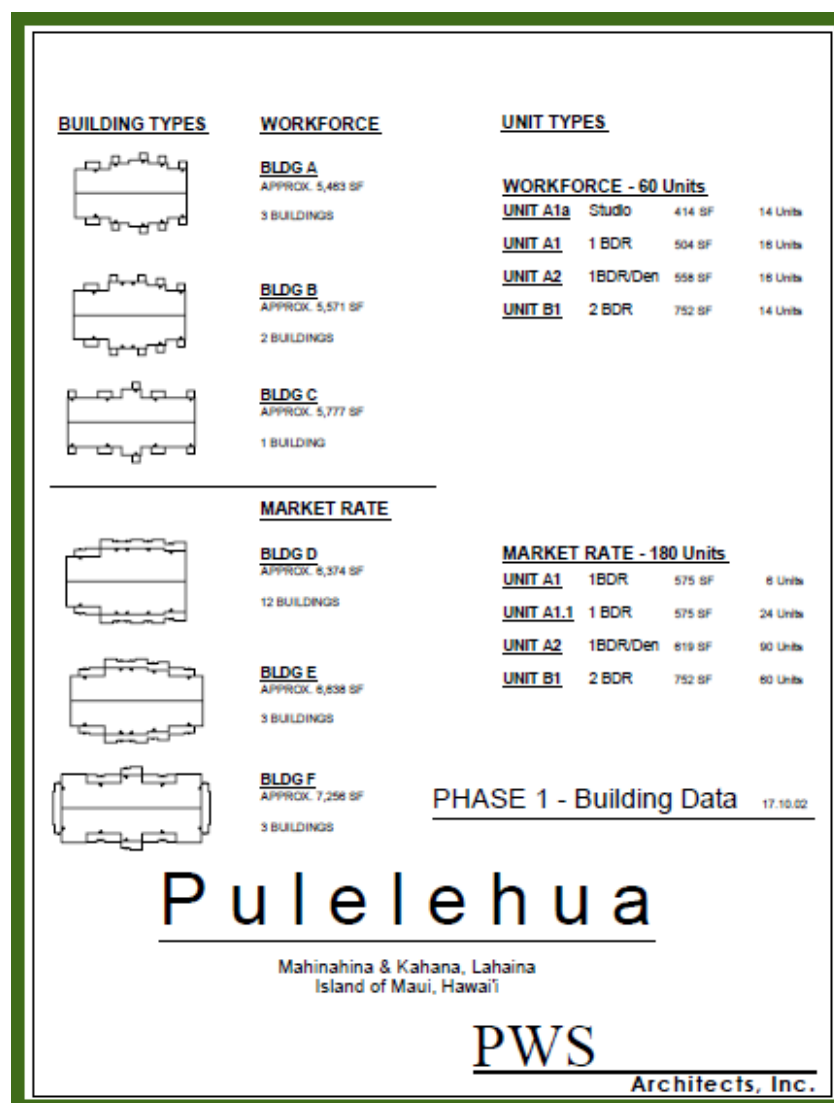
The buildings will be of multi-plex design, single-story wooden structures with gabled roofs, and exterior patio elements, as shown on the renderings below.



The phasing and unit-mix in the three increments are currently proposed as shown below.

| Pulelehua Development Rights Schedule<br>January 2019<br>Apartments |                    |        |        |                     |       |             |        |         |        |        |                       |        |       |       |             |          |
|---|--------------------|--------|--------|---------------------|-------|-------------|--------|---------|--------|--------|-----------------------|--------|-------|-------|-------------|----------|
|   | Rental Apartments  |        |        |                     |       |             |        |         |        |        |                       |        |       |       |             |          |
|   | WorkForce          |        |        |                     |       | Market Rate |        |         |        |        |                       |        |       |       | Total Units | Total SF |
|   | Regular Work Force |        |        | Live Work Workforce |       | Market Rate |        |         |        |        | Market Rate Live Work |        |       |       |             |          |
|   | A1a                | A1     | B1     | W1                  | W1.1  | A1a         | A1.1   | A2      | B1     | B2     | W1                    | W1.1   | W2    | W2.1  |             |          |
| SF  | 414                | 504    | 752    | 900                 | 900   | 575         | 575    | 619     | 752    | 975    | 900                   | 900    | 1120  | 900   |             |          |
| Ph 1  | 36                 | 36     | 18     |                     |       | 14          | 14     | 72      | 36     | 14     |                       |        |       |       | 240         |          |
| Ph 2  | 44                 | 44     | 22     | 5                   | 5     | 14          | 16     | 80      | 44     | 16     | 24                    | 24     | 6     | 6     | 350         |          |
| Ph 3  | 28                 | 28     | 14     |                     |       | 12          | 12     | 64      | 40     | 12     |                       |        |       |       | 210         |          |
| Total Units   | 108                | 108    | 54     | 5                   | 5     | 40          | 42     | 216     | 120    | 42     | 24                    | 24     | 6     | 6     | 800         |          |
| Total SF  | 44,712             | 54,432 | 40,608 | 4,500               | 4,500 | 23,000      | 24,150 | 133,704 | 90,240 | 40,950 | 21,600                | 21,600 | 6,720 | 5,400 | 516,116     |          |

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.



The project will meet and surpass Maui County Workforce Housing obligations (MCC 2.96) calling for 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). Under the current master plan, Pulelehua will have workforce/affordable units equivalent to 45 percent of the market-priced units.

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 Pulelehua master plan, unit types and unit mix are 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 and for sale 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.

Our projection models in the following market study extend from the study date (late 2017) through the year 2030, a period of just over 13 years. This encompasses the entire Pulelehua entitlement, development and absorption period, which our analysis indicates will run from 2018 through 2026.

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 STRs/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 STRs/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%  |
| <b><u>By Major Census Designated Places (2010 Census)</u></b>  |                     |                                       |                                 |   |   |
| 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%  |
| <b>Totals</b>  | <b>21,831</b>       | <b>7,638</b>                          | <b>2.86</b>                     | <b>11,801</b>   | <b>35.28%</b>                                 |
| <b><u>By West Maui Census Tract Data (2017 FFIEC Report Using 2010 Census Data) (1)</u></b>                            |                     |                                       |                                 |   |   |
| 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%  |
| <b>Totals</b>  | <b>22,294</b>       | <b>7,703</b>                          | <b>2.89</b> (1)                 | <b>12,606</b> (2)                                       | <b>38.89%</b> (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<br>2017 | 2020   | 2025   | 2030   |
| <b>One: Minimum Based on Maui County General Plan 2030 Projection Series Percentile Periodic Growth</b>      |                 |        |        |        |
| Resident Population  | 25,530          | 26,857 | 28,851 | 30,831 |
| <b>Two: Maximum Based on Maui County General Plan 2030 Projection Series Absolute Growth to 2030 Figures</b> |                 |        |        |        |
| 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

| Projected West Maui Resident Population   |                 |        |        |        | Additional<br>Units<br>Required<br>by 2030 |
|---|-----------------|--------|--------|--------|--|
| Scenario  | 3rd QTR<br>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 |  |
| 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<br>(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<br>(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.

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

|  | Projection Period |                 |                 | Total Demand<br>2017-2030 |
|--|-------------------|-----------------|-----------------|---------------------------|
|  | 2017 to<br>2020   | 2021 to<br>2025 | 2026 to<br>2030 |                           |
| <u>1. Using Minimum Demand Projections</u> |                   |                 |                 |                           |
| 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%                      |
| <u>2. Using Maximum Projections</u>        |                   |                 |                 |                           |
| 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<br>Homes | Multi-Family Units | Total Residential Units |
|---|---------------------------------|--------------------|-------------------------|
| <b><u>Committed (Entitled)</u></b>                                    |                                 |                    |                         |
| Sub-Total   | <b>1,116</b>                    | <b>950</b>         | <b>2,066</b>            |
| Percent of Total  | 54.0%                           | 46.0%              | 100.0%                  |
| <b><u>Maui Island Plan &amp; Community Plan (Partly Entitled)</u></b> |                                 |                    |                         |
| Sub-Total   | <b>875</b>                      | <b>930</b>         | <b>1,805</b>            |
| Percent of Total  | 48.5%                           | 51.5%              | 100.0%                  |
| <b><u>Maui Island Plan Only</u></b>                                   |                                 |                    |                         |
| Wainee Residential Community  | 360                             | 360                | 720                     |
| Sub-Total   | <b>2,695</b>                    | <b>990</b>         | <b>3,685</b>            |
| Percent of Total  | 73.1%                           | 26.9%              | 100.0%                  |
| <b>WEST MAUI TOTAL</b>  |                                 |                    |                         |
|   | <b>4,686</b>                    | <b>2,870</b>       | <b>7,556</b>            |
| 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<br>Int. Rate | No. of<br>Bedroom | Percent of Median Income |              |           |           |           |                |           |                |           |                |           |                |
|-------------------------|-------------------|--------------------------|--------------|-----------|-----------|-----------|----------------|-----------|----------------|-----------|----------------|-----------|----------------|
|                         |                   | Very Low                 | Low Income   |           |           |           | Below Moderate |           | Moderate       |           | Above Moderate |           | Gap Income     |
|                         |                   | 50% & Below              | (51% to 80%) |           |           |           | (81% to 100%)  |           | (101% to 120%) |           | (121% to 140%) |           | (141% to 160%) |
|                         |                   | 50%                      | 60%          | 70%       | 80%       | 90%       | 100%           | 110%      | 120%           | 130%      | 140%           | 150%      | 160%           |
| 4.000%                  | 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      |
|                         | 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      |
|                         |                   | \$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 &amp; PERCENTAGE OF MEDIAN FAMILY INCOME)

| % of Median | 1 PERSON<br>0.7 | 2 PERSON<br>0.8 | 3 PERSON<br>0.9 | 4 PERSON<br>1.0 | 5 PERSON<br>1.08 | 6 PERSON<br>1.16 | 7 PERSON<br>1.24 | 8 PERSON<br>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 &amp; 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

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.

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

Expressed in Constant 2017 Dollars

| Period                      | Household<br>Income as a % of<br>Median Income<br>(1) | Projection Period |                 |                 | Total<br>Demand<br>2017-2030 |
|-----------------------------|---|-------------------|-----------------|-----------------|------------------------------|
|                             |   | 2017 to<br>2020   | 2021 to<br>2025 | 2026 to<br>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 |
|------------------------------------|-------------|------------------|-----------|
| <b>Single Family Median Price</b>  | \$1,334,500 | \$1,700,000      | \$847,500 |
| <b>Multi-Family Average Price</b>  | \$482,500   | \$922,000        | \$425,000 |
| <b>Median Rent (Year-End 2015)</b> | \$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 |
|---------------------------------------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|---------------------------|
| <b><u>Overall Maui</u></b>            |           |             |             |             |             |             |             |                           |
| 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%                     |
| <b><u>Lahaina</u></b>                 |           |             |             |             |             |             |             |                           |
| 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%                    |
| <b><u>Kaanapali</u></b>               |           |             |             |             |             |             |             |                           |
| 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%                    |
| <b><u>Napili/Kahana/Honokowai</u></b> |           |             |             |             |             |             |             |                           |
| 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.

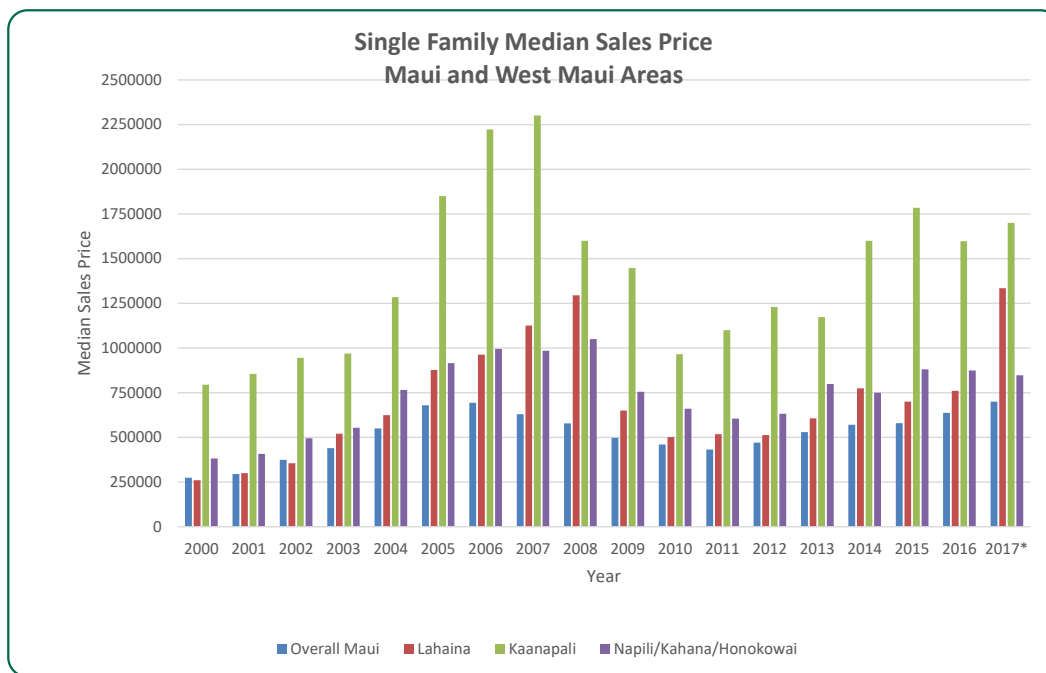
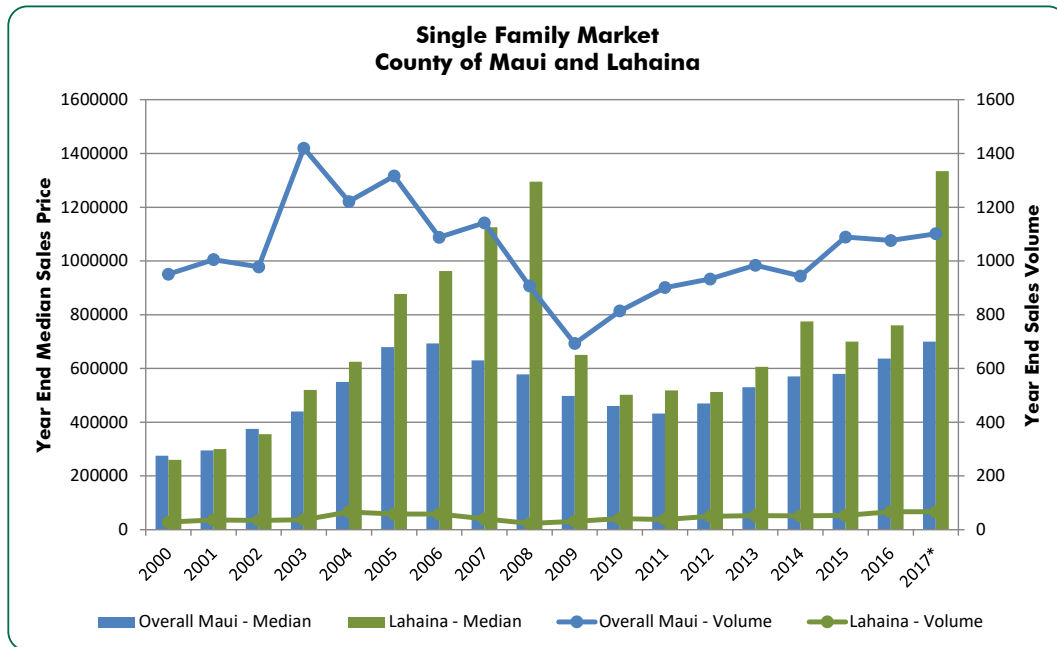
## YEAR-END NUMBER OF SALES FOR MAUI AND SELECT WEST MAUI AREAS FROM MULTIPLE LISTING SERVICE DATABASE 2010 THROUGH ANNUALIZED 2017

| Property Type                         | 2010   | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    | Annualized September 2017 |
|---------------------------------------|--------|---------|---------|---------|---------|---------|---------|---------------------------|
| <b><u>Overall Maui</u></b>            |        |         |         |         |         |         |         |                           |
| 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%                    |
| <b><u>Lahaina</u></b>                 |        |         |         |         |         |         |         |                           |
| 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%                    |
| <b><u>Kaanapali</u></b>               |        |         |         |         |         |         |         |                           |
| 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%                   |
| <b><u>Napili/Kahana/Honokowai</u></b> |        |         |         |         |         |         |         |                           |
| 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.

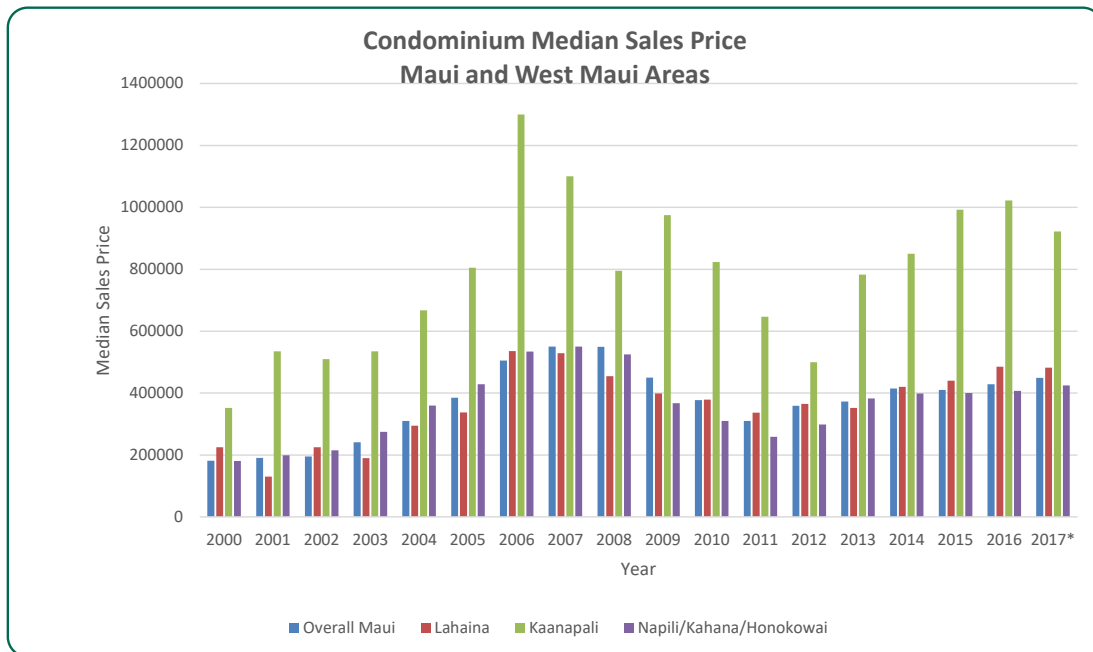
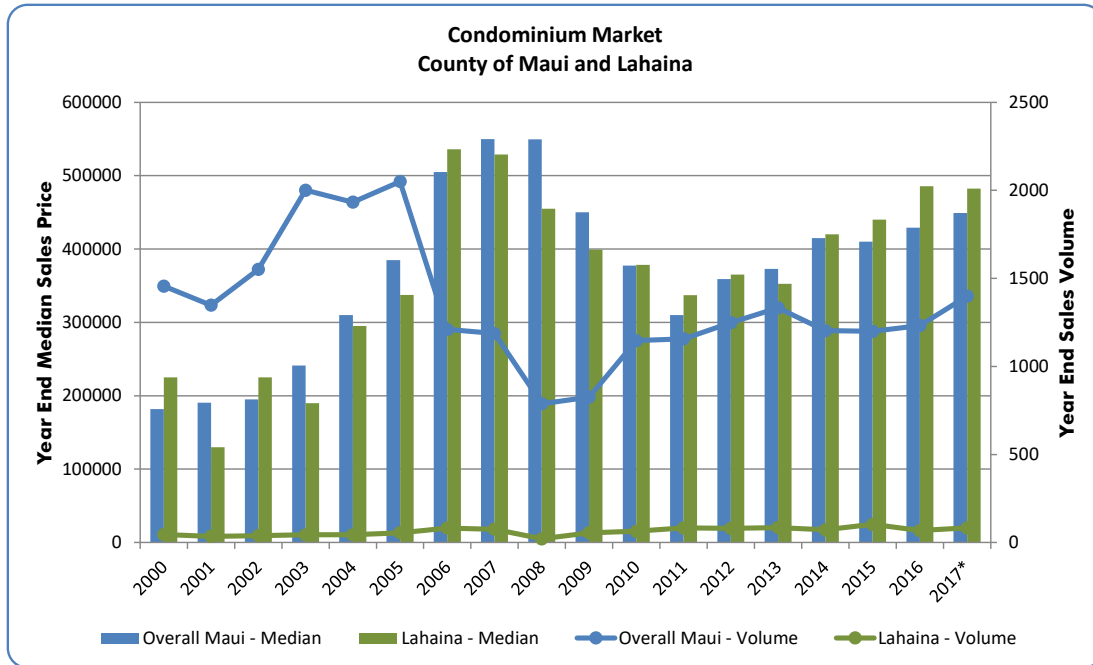


## GRAPHS OF MAUI MULTIPLE LISTING SERVICE SINGLE FAMILY SALES FOR MAUI AND SELECTED WEST MAUI AREAS



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       |
| <b>Totals</b>   |                            | <b>99%</b> | <b>1,086</b> |            |
| 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<br>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%             |
| <b>Total</b>                    | <b>576</b>       |  | <b>100%</b>      |
| 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<br>\$/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.

| Source          | Address  | Type      | Beds | Baths | 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  |
| Desireline Maui | 1660 Limahana Circle - Opukaea F108, Lahaina, HI 96761 | Condo     | 3    | 2     | 1332  | \$3,500              | Water, Trash, Electric, Cable, Internet                  | 9/29/2017  |
| Craigslat       | 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 Anaoana St APT 1602, Lahaina, HI 96761          | Apartment | 2    | 2     |       | \$3,446              | Rent+Utilities (PV electric System for Water and Heater) | 9/29/2017  |
| Zillow          | 500 Kapaolu Dr, Lahaina, HI 96761                      | House     | 2    | 2     | 1344  | \$3,500              |  | 9/29/2017  |
| Craigslat       |  | 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  |
| Craigslat       |  | House     | 4    | 3.5   | 3600  | \$5,700              |  | 10/1/2017  |
| Craigslat       | 16 Plumeria Place, Lahaina, HI 96761                   | House     | 3    | 2     | 1830  | \$4,400              |  | 10/1/2017  |
| Craigslat       | 15 E Kuu Aka Lane, Lahaina, HI 96761                   | Condo     | 2    | 2.5   | 1282  | \$4,700              |  | 10/1/2017  |
| Craigslat       | 3788 Lower Honoapiilani Rd, Lahaina, HI 96761          | Condo     | 2    | 2     |       | \$3,200              | High Speed Internet, Cable, Electricity up to \$150      | 10/1/2017  |
| Craigslat       | Ainakea Rd   | House     | 3    | 1     | 800   | \$2,795              |  | 10/4/2017  |
| Craigslat       |  | Condo     | 3    | 2     |       | \$3,000              |  | 10/4/2017  |
| Trulia          | 300 Aali 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 Palohina Ln #4, Lahaina, HI 96761                   | Apartment | 3    | 2     |       | \$2,800              |  | 10/11/2017 |
| Zillow          | 1660 Limahana Circle Opukaea F108, Lahaina, HI 96761   | Condo     | 3    | 2     | 1332  | \$3,500              | Water, Trash, Electric, Cable, Internet                  | 10/11/2017 |
| Zillow          | 31 E Kuu Aka 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 Wainae 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   |       | \$3,400              |  | 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 Hanowai St, Lahaina, HI 96761                     | House     | 2    | 1.5   | 767   | \$2,400              |  | 10/13/2017 |
| Craigslat       |  | House     | 2    | 2     |       | \$2,700              |  | 10/13/2017 |
| Craigslat       |  | House     | 1    | 1     | 520   | \$2,100              | Utilities Included                                       | 10/13/2017 |
| Craigslat       |  | Apartment | 0    | 1     |       | \$1,000              | Electricity, Water                                       | 10/13/2017 |
| Craigslat       | 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 |
| Craigslat       | 208 Front Street, Lahaina, HI 96761                    | House     | 2    | 1     | 900   | \$2,100              |  | 10/18/2017 |
| Craigslat       | Mahinahina St & Uli Pl, Lahaina, HI 96761              | House     | 2    | 1     | 1600  | \$3,200              | Water, Trash   | 10/18/2017 |
| Craigslat       |  | 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 Aka 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 Aka 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     |       | \$2,300              |  | 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.



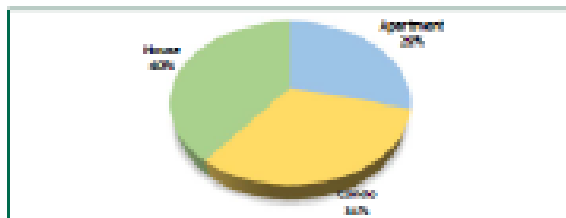
## GRAPHS OF WEST MAUI LONG-TERM RESIDENTIAL RENTAL UNIT SURVEY

| Unit Type          | Number of Units |
|--------------------|-----------------|
| Apartment          | 14              |
| Condo              | 15              |
| House              | 19              |
| <b>Grand Total</b> | <b>48</b>       |

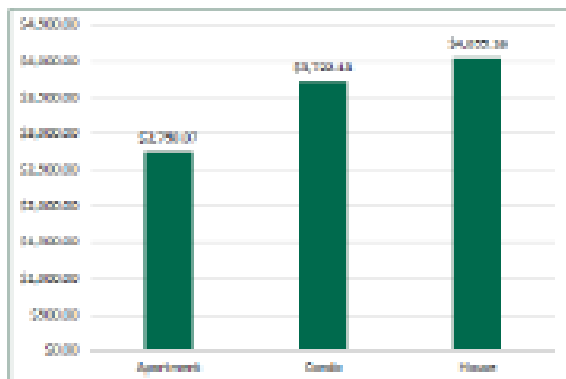
| Unit Type          | Average Rent      |
|--------------------|-------------------|
| Apartment          | \$2,750.07        |
| Condo              | \$3,722.13        |
| House              | \$4,055.16        |
| <b>Grand Total</b> | <b>\$3,570.44</b> |

| Bed(s)             | Average (Rent)    |
|--------------------|-------------------|
| Studio             | \$1,272.30        |
| 1                  | \$2,400.07        |
| 2                  | \$2,929.07        |
| 3                  | \$3,746.18        |
| 4                  | \$5,873.03        |
| <b>Grand Total</b> | <b>\$3,191.09</b> |

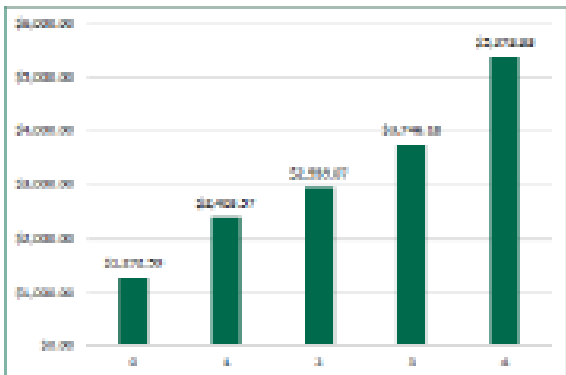
RESIDENTIAL SUPPLY IN STUDY AREA BY TYPE



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<br>Homes | Multi-Family Units | Total Residential Units |
|---|---------------------------------|--------------------|-------------------------|
| <b><u>Committed (Entitled)</u></b>  |                                 |                    |                         |
| 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                     |
| Waialele Ridge (Under-Construction)   | 0                               | 158                | 158                     |
| <b>Sub-Total</b>  | <b>1,116</b>                    | <b>950</b>         | <b>2,066</b>            |
| Percent of Total  | 54.0%                           | 46.0%              | 100.0%                  |
| <b><u>Maui Island Plan &amp; Community Plan (Partly Entitled)</u></b>   |                                 |                    |                         |
| Kaanapali Lower North Honokowai   | 275                             | 330                | 605                     |
| Lealii HHFDC Community  | 600                             | 600                | 1,200                   |
| <b>Sub-Total</b>  | <b>875</b>                      | <b>930</b>         | <b>1,805</b>            |
| Percent of Total  | 48.5%                           | 51.5%              | 100.0%                  |
| <b><u>Maui Island Plan Only</u></b>   |                                 |                    |                         |
| 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                     |
| <b>Sub-Total</b>  | <b>2,695</b>                    | <b>990</b>         | <b>3,685</b>            |
| Percent of Total  | 73.1%                           | 26.9%              | 100.0%                  |
| <b>WEST MAUI TOTAL</b>  | <b>4,686</b>                    | <b>2,870</b>       | <b>7,556</b>            |
| 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 |               | Total | Unit Size in Sq. Ft. |                | Sales Prices             |                            | Comments  |
|---------------------------------|-----------------|---------------|-------|----------------------|----------------|--------------------------|----------------------------|---|
|                                 | Multi Family    | Single Family |       | Multifamily          | Single Family  | Multifamily              | Single Family              |   |
| <u><i>West Maui</i></u>         |                 |               |       |                      |                |                          |                            |   |
| 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.                   |
| <u><i>Central Maui</i></u>      |                 |               |       |                      |                |                          |                            |   |
| 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                       |
| <u><i>South Maui</i></u>        |                 |               |       |                      |                |                          |                            |   |
| 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 900 units proposed (800 apartments and 100 single family homes). 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 apartment buildings and one and two-story homes 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 time-line depicting their combined anticipated rates of absorption or assuming a reasonable market share. To the extent this periodic supply of units falls short of the forecast periodic demand for 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.

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 some 130 units annually, **which would be sufficient to absorb all 900 proposed Pulelehua units in a 6 to 8-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 90% to 100% of the proposed West Maui 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 Pulelehua 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 RESIDENTIAL UNITS IN THE WEST MAUI STUDY AREA

| Segment  | TOTAL<br>UNITS | 2017-2020    | 2021-2025    | 2026-2030    |
|--|----------------|--------------|--------------|--------------|
| <b><u>1. Minimum Demand</u></b>  |                |              |              |              |
| Assumed Supply (90% of entitled and partially entitled market projects)  | 3,484          | 260          | 1,612        | 1,612        |
| Regional Housing Demand  | <b>5,728</b>   | <b>1,523</b> | <b>2,072</b> | <b>2,133</b> |
| Shortage or (Excess) Supply  | <b>2,244</b>   | <b>1,263</b> | <b>460</b>   | <b>521</b>   |
| <b><u>Potential Residual Subject Minimum Demand</u></b>                  |                |              |              |              |
| at 95% Capture Rate  | 2,132          | 1,200        | 437          | 495          |
| at 90% Capture Rate  | 2,020          | 1,137        | 414          | 469          |
| <b><u>2. Maximum Demand</u></b>  |                |              |              |              |
| Assumed Supply (100% of entitled and partially entitled market projects) | 3,871          | 260          | 1,806        | 1,806        |
| Regional Housing Demand  | <b>8,941</b>   | <b>2,160</b> | <b>3,083</b> | <b>3,698</b> |
| Shortage or (Excess) Supply  | <b>5,070</b>   | <b>1,900</b> | <b>1,278</b> | <b>1,893</b> |
| <b><u>Potential Residual Subject Maximum Demand</u></b>                  |                |              |              |              |
| at 95% Capture Rate  | 4,817          | 1,805        | 1,214        | 1,798        |
| at 90% Capture Rate  | 4,563          | 1,710        | 1,150        | 1,703        |

#### Indicated Number of Years Required to Absorb 900 Pulelehua Units Using Residual Method

| Scenario  | Percent of<br>Residual Demand | Number of Years<br>to Achieve Full<br>Absorption |
|-----------|-------------------------------|--|
| Minimum   | 40.1%                         | 10.0   |
| Maximum   | 17.8%                         | 4.5  |
| Mid-Point | <b>28.9%</b>                  | <b>7.3</b>                                       |
|           |                               | = Absorption Period                              |

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 900 Pulelehua units, which would be expected to capture some 90 to 95 percent of the left-over, unmet demand.

**Using the residual analysis the 900 units and home/lots of Pulelehua would be fully-absorbed (leased-up) within 4.5 to 10.0 years, with a mid-point of 7.3 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 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 30 percent of the total Lahaina District new residential market sector during its planned offering period. This is an appropriate fraction of the total regional demand for new housing product, which we consider readily achievable.

Application of this method is shown for the Pulelehua units and lots/homes 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<br>Regional<br>Unit Demand | Effective<br>Subject<br>Share | Indicated<br>Total<br>Subject<br>Absorption |
|-----------------------------|--------|----------------------------------|-------------------------------|---|
| Date                        | Period |                                  |                               |   |
| 2019                        | 1      | 381                              | 20.00%                        | 76  |
| 2020                        | 2      | 381                              | 30.00%                        | 114   |
| 2021                        | 3      | 414                              | 30.00%                        | 124   |
| 2022                        | 4      | 414                              | 30.00%                        | 124   |
| 2023                        | 5      | 414                              | 30.00%                        | 124   |
| 2024                        | 6      | 414                              | 30.00%                        | 124   |
| 2025                        | 7      | 414                              | 30.00%                        | 124   |
| 2026                        | 8      | 427                              | 20.50%                        | 87  |
| Totals                      |        | 2,834                            | 31.74%                        | 900   |
| Indicated Absorption Period |        |                                  | 7.7 Years                     |   |

### Scenario Two: Using Maximum Demand Assumptions

| Sales Year                  |        | Total<br>Regional<br>Unit Demand | Effective<br>Subject<br>Share | Indicated<br>Total<br>Subject<br>Absorption |
|-----------------------------|--------|----------------------------------|-------------------------------|---|
| Date                        | Period |                                  |                               |   |
| 2019                        | 1      | 540                              | 20.00%                        | 108   |
| 2020                        | 2      | 540                              | 30.00%                        | 162   |
| 2021                        | 3      | 617                              | 30.00%                        | 185   |
| 2022                        | 4      | 617                              | 30.00%                        | 185   |
| 2023                        | 5      | 617                              | 30.00%                        | 185   |
| 2024                        | 6      | 617                              | 12.20%                        | 75  |
| Totals                      |        | 2,930                            | 30.72%                        | 900   |
| Indicated Absorption Period |        |                                  | 5.4 Years                     |   |

### ANALYSIS MID-POINT

|           |       |        |     |
|-----------|-------|--------|-----|
| 6.6 Years | 2,882 | 31.22% | 900 |
|-----------|-------|--------|-----|

**A total absorption period for the subject units and lots/homes would be between 5.4-years and 7.7-years, with a mid-point at 6.6 years.** This equates to an average regional market capture rate of 31.2 percent for this unit type during the exposure period with an average annual absorption of 136 units and lots.

Correlation of the three absorption quantification techniques indicates the 900-proposed residential units of the Pulelehua project will achieve full absorption within approximately 5 to 10-years of initial pre-leasing offerings, or approximately 7.0 years in total.

This is anticipated to commence with pre-leasing/pre-sales in the second-half of 2019, initial occupancy in 2020 and reach full-absorption/build-out in 2026.

## 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 at .092.

The intent of the commercial/retail component is to service the needs of the Pulelehua community residents, not to be directly 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 at least 66,000 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                  | 2,296 |
| Full Time Equivalent On-Site Workers | 228   |

**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                                  | <u>55%</u>   |
| 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) | <u>2.0</u>   |
| Total Per Capita Floor Space Demand for Resident-Oriented/Neighborhood Commercial Space | 25.7         |
| Capture Rate of In-Project Resident Neighborhood Demand                                 | <u>85.0%</u> |
| Total Floor Space Demand for Resident-Oriented/Neighborhood Commercial Space            | 50,234       |

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

|  |              |
|--|--------------|
| Estimated Percent of Workers not Residing in Project                                 | <u>85.0%</u> |
| Non-Resident Workers Patronizing Subject Commercial Businesses                       | 194          |
| Total Per Capita Floor Space Demand by Workers for Neighborhood Commercial Space (2) | <u>12.9</u>  |
| Total Floor Space Demand by Workers for Neighborhood Commercial Space                | 2,494        |

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

|   |                              |
|---|------------------------------|
| From Subject Project Resident and Worker Population | 52,728                       |
| Patronage From Other Sources                        | <u>% of Community Demand</u> |
| Nearby Population in Non-Subject Projects           | 10% 5,273                    |
| Passer-Bys/Intercept and Others                     | 15% 7,909                    |

|  |                      |
|--|----------------------|
| <b>Total Estimated Gross Floor Space Demand at Stabilization</b> | <b><u>65,910</u></b> |
|--|----------------------|

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

(2) Based on capture rate of 50 percent of per capita resident demand in square feet.

Source: CBRE/Hallstrom Team

## 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 900 residential 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 9-year build-out, absorption and stabilization period running from 2018 through 2026. The entitlement and construction could possibly take a shorter or longer period; however, whether full development takes 6 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 PROJECT |  |            |                |            |                                |            |                 |            |  |
|---|--|------------|----------------|------------|--------------------------------|------------|-----------------|------------|--|
| Residential Component                                   |  |            |                |            |                                |            |                 |            |  |
| Year  | Workforce Rentals  |            | Market Rentals |            | Market Single Family Homes (1) |            | Total Inventory |            |  |
| Project   | Annually   | Cumulative | Annually       | Cumulative | Annually                       | Cumulative | Annually        | Cumulative |  |
| 1 & 2   | Final approvals/entitlements achieved in Year 1, initial grading/site work and infrastructure emplacement commences and is completed in Year 2. Vertical construction begins in Year 2 with unit reservations/lottery beginning commensurately. First product completed and available for occupancy in Year 3. |            |                |            |                                |            |                 |            |  |
| 3   | 40   | 40         | 75             | 75         | 15                             | 15         | 130             | 130        |  |
| 4   | 40   | 80         | 75             | 150        | 15                             | 30         | 130             | 260        |  |
| 5   | 40   | 120        | 75             | 225        | 15                             | 45         | 130             | 390        |  |
| 6   | 40   | 160        | 75             | 300        | 15                             | 60         | 130             | 520        |  |
| 7   | 40   | 200        | 75             | 375        | 15                             | 75         | 130             | 650        |  |
| 8   | 40   | 240        | 75             | 450        | 15                             | 90         | 130             | 780        |  |
| 9   | 40   | <b>280</b> | 70             | <b>520</b> | 10                             | <b>100</b> | 120             | <b>900</b> |  |

| Commercial Component                |                    |                 |
|-------------------------------------|--------------------|-----------------|
| Gross Leaseable Area in Square Feet | Project Year Built | Years to Absorb |
| 50,000                              | 3                  | 2               |
| 20,186                              | 5                  | 1               |
| <b>70,186</b>                       |                    | <b>3</b>        |

(1) Includes one "Estate Lot" of 45 acres.

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 2026.

## CAPITAL INVESTMENT AND CONSTRUCTION COSTS

The subject will bring an estimated \$324.2 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                |                         |
| Infrastructure Emplacement (1)           | \$15,000,000        | \$12,500,000         | \$2,500,000         | <b>\$30,000,000</b>     |
| Commercial Construction (2)              | \$21,428,571        | \$8,571,429          |                     | <b>\$30,000,000</b>     |
| Residential Component (3)                | \$38,583,333        | \$192,916,667        | \$32,666,667        | <b>\$264,166,667</b>    |
| <b>TOTAL PERIODIC CONSTRUCTION COSTS</b> | <b>\$75,011,905</b> | <b>\$213,988,095</b> | <b>\$35,166,667</b> | <b>\$324,166,667</b>    |
| Contractor Profits                       | \$7,501,190         | \$21,398,810         | \$3,516,667         | <b>\$32,416,667</b>     |
| Supplier Profits                         | \$3,000,476         | \$8,559,524          | \$1,406,667         | <b>\$12,966,667</b>     |

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 apartment unit (includes interior improvements, site work, landscaping and amenities and \$975,000 per single family home (2,500 SF X \$350/SF + \$100,000 in site finish and landscaping work).

Source: CBRE/Hallstrom Team

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 \$294.2 million during the modeling period. This includes:

- \$208,333 per apartment unit (from Maui Oceanview).
- An average of \$975,00 per single family home, 2,500 interior SF at \$350/SF = \$875,000 plus \$100,000 in site finish work, pool and landscaping.
- A total of \$30,000,000 for commercial/retail buildings, 70,000 SF gross leasable area at \$430 per SF (rounded).

The development costs are not intended to be indicative of the rental rates for the apartment 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 \$40.5 million annually into the Maui building industry on average over the 8-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 \$4.1 million per year, with a cumulative profit of \$32.4 million over the construction period. The total annual Supplier's Profit would be some \$1.6 million equating to \$13.0 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       |                         |
| Infrastructure Emplacement (1)  | 38                 | 31           | 6          | 75                      |
| Commercial Construction (2)   | 86                 | 34           |            | 120                     |
| Residential Component (2,3)   | 193                | 965          | 163        | 1,321                   |
| <b>Total Periodic Construction Jobs</b>   | <b>316</b>         | <b>1,030</b> | <b>170</b> | <b>1,516</b>            |
| <b>On-Going Business Employment</b>   |                    |              |            |                         |
| Commercial Worker Years (3)   |                    | 686          | 200        | 886                     |
| Total FTE Jobs in Place at End of Period  |                    | 200          | 200        | 200                     |
| Maintenance & Common Element (4)  |                    | 69           | 28         | 97                      |
| Total FTE Jobs in Place at End of Period  |                    | 20           | 28         | 28                      |
| <b>Total Periodic On-Going Business Jobs</b>                                      |                    | <b>754</b>   | <b>228</b> | <b>982</b>              |
| <b>Total FTE Jobs in Place at End of Period</b>                                   |                    | <b>220</b>   | <b>228</b> | <b>228</b>              |
| Off-Site Employment (5)   | 105                | 595          | 76         | 776                     |
| Total FTE Jobs in Place at End of Period  |                    | 73           | 76         | 76                      |
| <b>TOTAL PERIODIC WORKER YEARS</b>  | <b>422</b>         | <b>2,379</b> | <b>474</b> | <b>3,274</b>            |
| <b>TOTAL END-OF-PERIOD PERMANENT JOBCOUNT</b>                                     |                    | <b>293</b>   | <b>304</b> | <b>304</b>              |

(1) Infrastructure construction employment estimated at 1 worker-year for every \$400,000 in costs.

(2) Vertical construction (all types) employment estimated at 1 worker year for every \$200,000 in costs.

(3) Includes 800 apartment units and 100 single family homes.

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

(5) 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.

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

Source: CBRE/Hallstrom Team

A total of 1,516 worker-years of employment in the construction trades will be needed for developing Pulelehua.

The commercial/retail businesses will have worker-years totaling 886 during the modeling period and 200 per year thereafter

The apartment business/community association and maintenance worker-years will total 97 during the modeling period and 28 per year thereafter.

Off-Site/Indirect/Secondary employment created by Pulelehua will total 776 worker-years from 2019 through 2026 and 76 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                | Totals During Build-Out |
| Infrastructure Placement (1)                           | \$2,964,000         | \$2,470,000          | \$494,000           | \$5,928,000             |
| Residential Construction                               |                     |                      |                     |                         |
| Rental Apartments & Homes (1)                          | \$15,248,133        | \$76,240,667         | \$12,909,867        | \$104,398,667           |
| <b>Total Periodic Construction Wages</b>               | <b>\$18,212,133</b> | <b>\$78,710,667</b>  | <b>\$13,403,867</b> | <b>\$110,326,667</b>    |
| <u>On-Going Business Wages</u>                         |                     |                      |                     |                         |
| Commercial (2)   |                     | \$22,820,571         | \$6,656,000         | \$29,476,571            |
| Maintenance & Common Element (3)                       |                     | \$2,853,760          | \$1,164,800         | \$4,018,560             |
| <b>Total Periodic On-Going Business Wages</b>          |                     | <b>\$25,674,331</b>  | <b>\$7,820,800</b>  | <b>\$33,495,131</b>     |
| Off-Site Employment Wages (4)                          | \$5,698,787         | \$32,167,385         | \$4,110,080         | \$41,976,252            |
| <b>TOTAL PERIODIC WAGES</b>                            | <b>\$23,910,921</b> | <b>\$136,552,383</b> | <b>\$25,334,747</b> | <b>\$185,798,050</b>    |
|  |                     |                      |                     | <b>\$11,930,880</b>     |

(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 \$110.3 million.

Total commercial/retail employee wages during the modeling period will be \$29.5 million and stabilize at \$6.7 million thereafter.

Total apartment business/association and maintenance employee wages during the modeling period will be \$4 million and stabilize at \$1.2 million thereafter.

Off-sits/indirect employee wages will total \$42.0 million during build-out and be \$4.1 million annually on a stabilized basis.

## POPULATION, INCOME AND EXPENDITURES

We anticipate all of the apartment units and the large majority of single family homes of Pulelehua will all be primary residences, divided equally between existing-relocating and new/in-migrating Maui residents and non-resident owners. The resident households will constitute the majority of the population of the project, whose income and discretionary expenditures will create major positive impacts on the Maui economy.

All (100%) of the apartment units will be occupied by resident households, comprised roughly half and half of Maui resident families relocating from elsewhere on the island and “new” in-migrating from another Hawaiian island or the mainland.

We estimate 80% to 85% (or more) of the single family homes will be occupied by full-time Maui residents, split equally between exiting relocating Maui households and in-migrating households, with the remaining 15% to 20% being owned and used by non-resident/second home purchasers. Thus, some 15 to 20 homes, or only 1.7% to 2.2% of the total project will not be constantly occupied; a proportion so low we did not analyze them separately but grouped them into the overall model context.

This assumption reflects trending in Maui population growth and in-migration since 2000. According to the State of Hawaii DBEDT and United States Census Bureau, between 2000 and 2010, there was a net gain of 15,954 persons due to migration to/from Maui out of a total net population gain of 26,683 persons, or 59.8 percent of the total increase.

The movement moderated between 2010 and 2016, with net migration contributing only 50.4 percent of the total Maui population increase (5,312 of 10,549 persons).

These “new” Maui residents represent new income, spending and economic activity on the island, in addition to creating new taxes and local government spending obligations.

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         |                        |
| Workforce/Affordable Apartment Units   |                    |               |              |                        |
| Number of Periodically Rented  | 40                 | 200           | 40           |                        |
| Cumulative Units Rented  | 40                 | 240           | 280          |                        |
| Percent of Total Units in Project  | 4%                 | 27%           | 31%          |                        |
| Average Household Size   | 2.55               | 2.55          | 2.55         |                        |
| Total Residents End of Each Period   | 102                | 612           | 714          |                        |
| Market-Priced Apartment Units  |                    |               |              |                        |
| Number of Periodically Rented  | 75                 | 375           | 70           |                        |
| Cumulative Units Rented  | 75                 | 450           | 520          |                        |
| Percent of Total Units in Project  | 8%                 | 50%           | 58%          |                        |
| Average Household Size   | 2.55               | 2.55          | 2.55         |                        |
| Total Residents End of Each Period   | 191                | 1,148         | 1,326        |                        |
| Single Family Homes  |                    |               |              |                        |
| Number of Periodically Built   | 15                 | 75            | 10           |                        |
| Cumulative Homes Built   | 15                 | 90            | 100          |                        |
| Percent of Total Units in Project  | 2%                 | 10%           | 11%          |                        |
| Average Household Size   | 3.40               | 3.40          | 3.40         |                        |
| Total Residents End of Each Period   | 51                 | 306           | 340          |                        |
|  |                    |               |              |                        |
| Total Resident Population End of Period  | 344                | 2,066         | 2,380        |                        |
| Average Number of Residents Each Project Year During Period  | 344                | 1,205         | 2,380        |                        |
| NEW (INMIGRATING) MAUI RESIDENTS END OF PERIOD   | 172                | 1,033         | 1,190        |                        |
| Average Number of NEW Residents Each Project Year During Period  | 172                | 602           | 1,190        |                        |
|  |                    |               |              |                        |
| RESIDENT HOUSEHOLD INCOME (1)  |                    |               |              |                        |
| Annually (at end of period)  | \$14,002,930       | \$81,539,581  | \$81,748,890 | \$81,748,890           |
| Periodic   | \$14,002,930       | \$238,856,279 | \$81,748,890 | \$334,608,098          |
| NEW (INMIGRATING) MAUI RESIDENTS   |                    |               |              |                        |
| Annually (at end of period)  | \$7,001,465        | \$40,769,791  | \$40,874,445 | \$40,874,445           |
| Periodic   | \$7,001,465        | \$119,428,139 | \$40,874,445 | \$167,304,049          |
| TOTAL DISCRETIONARY EXPENDITURES (2)   |                    |               |              |                        |
| Annually (at end of period)  | \$7,001,465        | \$40,769,791  | \$40,874,445 | \$40,874,445           |
| Periodic   | \$7,001,465        | \$119,428,139 | \$40,874,445 | \$167,304,049          |
| NEW (INMIGRATING) MAUI RESIDENTS   |                    |               |              |                        |
| Annually (at end of period)  | \$3,500,733        | \$20,384,895  | \$20,437,222 | \$20,437,222           |
| Periodic   | \$3,500,733        | \$59,714,070  | \$20,437,222 | \$83,652,025           |
|  |                    |               |              |                        |
| Stabilized Figure  | = <div></div>      |               |              |                        |
|  |                    |               |              |                        |
| (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. The 100 single family homes are estimated to have households income of \$165,200, or 200% of the Maui median. |                    |               |              |                        |
| (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 persons and the average single family household size 3.40 persons. The total resident population in the project at build-out and full absorption will be 2,380 persons. Half of whom (1,190 persons) are relocating existing Maui resident households and half being in-migrants to West Maui (1,190).

It is assumed tenants in the workforce/affordable-priced units will have an average household income of \$71,500, or 86.6 percent of the County median household income figure. The tenants in the market-priced units are estimated to have median household's incomes averaging \$115,500, or 139.9 percent of the County median. All families are assumed to spend similar levels on discretionary spending at 50 percent of gross household income.

The single family households are assumed to have average incomes of \$165,200 per year, or twice the Maui average.

During occupancy in the build-out period, the total resident household income will be \$334.6 million, and at \$81.7 million annually thereafter.

We estimate all 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 lease rents and fixed expenses.

By build-out, the total resident population discretionary expenditures made by subject project owners in the local market will be at \$40.9 million annually on a stabilized basis, in 2017 dollars. During the development and stabilization model period, (through 2026), the total sum of these expenditures will be \$167.3 million.

The "new" Maui resident's annual household incomes will total \$40.8 million on a stabilized basis, and their discretionary spending \$20.4 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                 | Totals During Build-Out | Stabilized Annually |
| <b><u>Commercial Businesses (1)</u></b>  |                     |                      |                      |                         |                     |
| 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%                  |                         |                     |
| <b>In-Project Patronage Expenditures</b>   |                     |                      |                      |                         |                     |
| 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           |                     |
| <b>Outside Project Patronage Expenditures</b>  |                     |                      |                      |                         |                     |
| 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            |                     |
| <b><u>Maintenance &amp; Common Element (2)</u></b>   |                     |                      |                      |                         |                     |
| 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            |                     |
| <b><u>Rental Apartment Operations (3)</u></b>  |                     |                      |                      |                         |                     |
| Annual Rental Revenues at End-of-Period  | \$3,232,500         | \$15,262,500         | \$20,460,000         |                         | \$20,460,000        |
| Total Revenue Activity During Period   | \$3,232,500         | \$41,295,000         | \$90,613,500         | \$135,141,000           |                     |
| <b>ANNUAL ACTIVITY AT END-OF-PERIOD</b>  | <b>\$22,432,500</b> | <b>\$63,862,500</b>  | <b>\$74,760,000</b>  |                         | <b>\$74,760,000</b> |
| <b>TOTAL DURING PERIOD</b>   | <b>\$22,432,500</b> | <b>\$257,565,000</b> | <b>\$362,113,500</b> | <b>\$642,111,000</b>    |                     |
| (1) Estimated based on average annual sales of \$750 per square foot for 70,000 gross leasable square feet of commercial space..<br>(2) Estimated at 150% of operational employee wages costs (central element and maintenance).<br>(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 2026) these items are projected to total about \$642.1 million and stabilize at \$74.8 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 \$966.3 million.

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

|   | 2017 to 2020        | 2021 to 2025         | 2026                 | Totals During Build-Out     | Stabilized Annually        |
|---|---------------------|----------------------|----------------------|-----------------------------|----------------------------|
| <b><i>Construction Activity</i></b>     |                     |                      |                      |                             |                            |
| Construction Wages                      | \$18,212,133        | \$78,710,667         | \$13,403,867         | <b>\$110,326,667</b>        |                            |
| Contractor Profits                      | \$7,501,190         | \$21,398,810         | \$3,516,667          | <b>\$32,416,667</b>         |                            |
| Supplier Profits                        | \$3,000,476         | \$8,559,524          | \$1,406,667          | <b>\$12,966,667</b>         |                            |
| Other Construction Costs                | <u>\$46,298,105</u> | <u>\$105,319,095</u> | <u>\$16,839,467</u>  | <u><b>\$168,456,667</b></u> |                            |
| Total Construction Impact               | <b>\$75,011,905</b> | <b>\$213,988,095</b> | <b>\$35,166,667</b>  | <b>\$324,166,667</b>        |                            |
| <b><i>On-Site Business Activity</i></b> |                     |                      |                      |                             |                            |
| Commercial/Retail Sales                 | \$18,750,000        | \$210,262,500        | \$262,500,000        | <b>\$491,512,500</b>        | <b>\$52,500,000</b>        |
| Maintenance & Common Element            | \$450,000           | \$6,007,500          | \$9,000,000          | <b>\$15,457,500</b>         | <b>\$1,800,000</b>         |
| Rental Apartment Operations             | <u>\$3,232,500</u>  | <u>\$41,295,000</u>  | <u>\$90,613,500</u>  | <u><b>\$135,141,000</b></u> | <u><b>\$20,460,000</b></u> |
| Total Business Impact                   | <b>\$22,432,500</b> | <b>\$257,565,000</b> | <b>\$362,113,500</b> | <b>\$642,111,000</b>        | <b>\$74,760,000</b>        |
| <b>TOTAL BASE ECONOMIC IMPACT</b>       |                     |                      |                      |                             |                            |
| Total During Period                     | <b>\$97,444,405</b> | <b>\$471,553,095</b> | <b>\$397,280,167</b> | <b>\$966,277,667</b>        | <b>\$74,760,000</b>        |

Source: Hallstrom Team/CBRE

## 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 \$324.2 million in cumulative Pulelehua construction costs will generate a total State Economic Output of \$651.6 million during build-out with subsequent economic activity averaging \$123.7 million annually on a stabilized basis.
- Direct subject construction wage earnings of \$110.3 million will yield \$178.7 million in statewide wage earnings during build-out and on-going earnings activity will generate \$122.3 million during the modeling period and \$19.3 million each stabilized year.

- Indirect and induced State taxes during build-out will total \$33.2 million during construction and \$3.8 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 2,441 worker years of employment. The on-going business activity will generate 2,304 jobs state wide through 2026 and 398 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                |                         |
| <b><u>Construction Costs</u></b>         | <b>\$75,011,905</b>                         | <b>\$213,988,095</b> | <b>\$35,166,667</b> | <b>\$324,168,693</b>    |
| 1. Economic Output Multiplier            | 2.01  | 2.01                 | 2.01                | 2.01                    |
| <b>Total State Economic Output</b>       | <b>\$150,773,929</b>                        | <b>\$430,116,071</b> | <b>\$70,685,000</b> | <b>\$651,579,072</b>    |
| 2. Earnings Multiplier                   | 0.68  | 0.68                 | 0.68                | 0.68                    |
| <b>Total Increase in State Earnings</b>  | <b>\$51,008,095</b>                         | <b>\$145,511,905</b> | <b>\$23,913,333</b> | <b>\$220,434,711</b>    |
| 3. State Tax Multipliers                 | 0.1024                                      | 0.1024               | 0.1024              | 0.1024                  |
| <b>Total Increase in State Taxes</b>     | <b>\$7,681,219</b>                          | <b>\$21,912,381</b>  | <b>\$3,601,067</b>  | <b>\$33,194,874</b>     |
| 4. Total Job Multipliers                 | 9.40  | 9.40                 | 9.40                | 9.40                    |
| <b>Total State Jobs Created</b>          | <b>705.1</b>                                | <b>2,011.5</b>       | <b>330.6</b>        | <b>3,047.2</b>          |
| <b><u>Construction Employment</u></b>    | <b>316</b>                                  | <b>1,030</b>         | <b>170</b>          | <b>1,516</b>            |
| 5. Direct-Effect Job Multipliers         | 1.61  | 1.61                 | 1.61                | 1.61                    |
| <b>Total Direct Jobs Created</b>         | <b>509.0</b>                                | <b>1,658.5</b>       | <b>273.0</b>        | <b>2,440.5</b>          |
| <b><u>Construction Wages</u></b>         | <b>\$18,212,133</b>                         | <b>\$78,710,667</b>  | <b>\$13,403,867</b> | <b>\$110,326,667</b>    |
| 6. Direct-Effect Earnings                | 1.62  | 1.62                 | 1.62                | 1.62                    |
| <b>Total Increase in Direct Earnings</b> | <b>\$29,503,656</b>                         | <b>\$127,511,280</b> | <b>\$21,714,264</b> | <b>\$178,729,200</b>    |

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 |                      |                      | Stabilized Annually  |
|--|---|----------------------|----------------------|----------------------|
|  | 2017 to 2020                                | 2021 to 2025         | 2026                 |                      |
| <b><u>Operating Revenues</u></b>         | <b>\$22,432,500</b>                         | <b>\$257,565,000</b> | <b>\$362,113,500</b> | <b>\$74,760,000</b>  |
| 1. Economic Output Multiplier            | 1.66  | 1.66                 | 1.66                 | 1.66                 |
| <b>Total State Economic Output</b>       | <b>\$37,125,788</b>                         | <b>\$426,270,075</b> | <b>\$599,297,843</b> | <b>\$123,727,800</b> |
| 2. Earnings Multiplier                   | 0.44  | 0.44                 | 0.44                 | 0.44                 |
| <b>Total Increase in State Earnings</b>  | <b>\$9,870,300</b>                          | <b>\$113,328,600</b> | <b>\$159,329,940</b> | <b>\$32,894,400</b>  |
| 3. State Tax Multipliers                 | 0.0503                                      | 0.0503               | 0.0503               | 0.0503               |
| <b>Total Increase in State Taxes</b>     | <b>\$1,128,916</b>                          | <b>\$12,961,959</b>  | <b>\$18,223,362</b>  | <b>\$3,762,297</b>   |
| 4. Total Job Multipliers                 | 10.68                                       | 10.68                | 10.68                | 10.68                |
| <b>Total State Jobs Created</b>          | <b>239.5</b>                                | <b>2,749.5</b>       | <b>3,865.6</b>       | <b>798.1</b>         |
| <b><u>Operating Employment</u></b>       | <b>105</b>                                  | <b>1,349</b>         | <b>304</b>           | <b>304</b>           |
| 5. Direct-Effect Job Multipliers         | 1.31  | 1.31                 | 1.31                 | 1.31                 |
| <b>Total Direct Jobs Created</b>         | <b>138.0</b>                                | <b>1,767.4</b>       | <b>398.2</b>         | <b>398.2</b>         |
| <b><u>Operating Wages</u></b>            | <b>\$5,698,787</b>                          | <b>\$57,841,716</b>  | <b>\$11,930,880</b>  | <b>\$11,930,880</b>  |
| 6. Direct-Effect Earnings                | 1.62  | 1.62                 | 1.62                 | 1.62                 |
| <b>Total Increase in Direct Earnings</b> | <b>\$9,232,035</b>                          | <b>\$93,703,580</b>  | <b>\$19,328,026</b>  | <b>\$19,328,026</b>  |

(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.

### ASSESSMENT PERSPECTIVE

As previously noted, the households of Pulelehua are a mix of relocating “existing” Maui households and “new” in-migrating Maui households. The former, do not represent “new” fiscal benefits flowing to, or increased funding costs spending from, the State of Hawaii and County of Maui. The latter do add new revenues to the tax base, but also cumulatively require the government to spend more on services.

For the relocating Maui households, it is assumed their 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. This group is not a consideration in our public fiscal assessment.

The tax revenue “benefits” from the new Maui residents and their per capita spending obligations they place on services is the focus of this section.

We did not complete an analysis of demand created for specific State and County services and facilities within our scope of study.

We have analyzed the public fiscal impacts considering only the new-resident component of Pulelehua, relative to tax benefits flowing to the State and County of Maui and the **cost of providing government services to them on a per capita basis**.

Based on the per capita within a countywide community perspective of our modeling, we would anticipate the service and facilities required by the new-resident component of Pulelehua would be identical to the existing budget and planning allowances for the County as-a-whole. Determination of the need for additional, specific facilities and services (police, fire, EMS, schools) would be best estimated by those departments/providers.

The exception is for County real property taxes, as all the 800 apartment units, 100 single family homes, and commercial buildings at Pulelehua will mean increased real property assessments and taxes for the County. For those existing residents relocating to the project, they are also contributing to new property tax revenues as their previous homes/units will continue producing assessments and real property taxes that would be paid by a subsequent owner/tenant.

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.

Even when excluding the taxes on wages and spending by existing Maui residents moving to Pulelehua which are 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, stabilized operation, and wages and spending by in-migrating households at 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."

## MAUI COUNTY REAL PROPERTY TAXES AND TOTAL TAX REVENUES

For the County, the primary new tax source will be from Real Property Taxes which will be paid by the owners of Pulelehua apartment inventory (and passed on to the tenants). Real Property Tax assessments were assumed to be at the total per unit cost (of vertical construction) presented foregoing with an allowance of 33 percent for the land and infrastructure components and developer's profit.

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 PULELEHUA COMMUNITY |   |                      |                      |                                |                                     |  |  |
|--|---|----------------------|----------------------|--------------------------------|-------------------------------------|--|--|
| All Amounts Expressed in Constant 2017 Dollars                                       |   |                      |                      |                                |                                     |  |  |
|  | Development, Leasing & Stabilization Period |                      |                      | Totals During Build-Out Period | Stabilized Annually After Build-out |  |  |
| Development Period   | 2017 to 2020                                | 2021 to 2025         | 2026                 |                                |                                     |  |  |
| <b><u>PUBLIC BENEFITS (Revenues)</u></b>   |   |                      |                      |                                |                                     |  |  |
| <b>1. COUNTY REAL PROPERTY TAXES</b>   |   |                      |                      |                                |                                     |  |  |
| <i>Assessed Value</i>  |   |                      |                      |                                |                                     |  |  |
| Vacant Site  | \$12,390,300                                |                      |                      |                                |                                     |  |  |
| Commercial (at Construction Cost plus 20% for land)                                  |   | \$36,000,000         | \$36,000,000         |                                | \$36,000,000                        |  |  |
| Residential Units (at Construction Costs plus 33% for land and profit)               | \$51,315,833                                | \$307,895,000        | \$300,025,833        |                                | \$300,025,833                       |  |  |
| <b>Total Assessed Value</b>  | <b>\$12,390,300</b>                         | <b>\$343,895,000</b> | <b>\$336,025,833</b> |                                | <b>\$336,025,833</b>                |  |  |
| <i>Real Property Taxes</i>   |   |                      |                      |                                |                                     |  |  |
| Vacant Site  | \$68,642                                    |                      |                      |                                |                                     |  |  |
| Commercial   |   | \$237,600            | \$237,600            |                                | \$237,600                           |  |  |
| Residential Component  | \$324,316                                   | \$1,945,896          | \$1,896,163          |                                | \$1,896,163                         |  |  |
| <b>Total Annual Property Taxes (End of Period)</b>                                   | <b>\$392,958</b>                            | <b>\$2,183,496</b>   | <b>\$2,133,763</b>   |                                | <b>\$2,133,763</b>                  |  |  |
| <b>Total Real Property Taxes During Period</b>                                       | <b>\$1,964,792</b>                          | <b>\$5,696,341</b>   | <b>\$2,133,763</b>   | <b>\$9,794,896</b>             |                                     |  |  |
| Source: CBRE/Hallstrom Team  |   |                      |                      |                                |                                     |  |  |

We estimate the County will receive some \$9.8 million in real property tax receipts during the entire projection period from the 2017 study date through 2026, and annual collections of \$2.1 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 184 percent of the RPT total (64.8% divided by 35.2%).

Application of this ratio (2.84 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 \$33.8 million during the initial projection period to 2026, and \$6.1 million annually on a stabilized basis.

## STATE OF HAWAII INCOME AND GROSS EXCISE TAXES AND TOTAL TAX REVENUES

The State of Hawaii will receive an estimated \$20.2 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 in-migrating households and does not include the existing/relocating resident household incomes.

On an annualized basis after stabilization of the community in 2026, the State will generate income taxes of \$3.2 million. The State income tax portion of the public fiscal benefits model is shown following.

| PUBLIC COST AND BENEFITS ASSESSMENT ASSOCIATED WITH THE PROPOSED PULELEHUA 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         |                                |                                     |
| INCLUDES ONLY THOSE TAXES WHICH ARE "NEW" TO MAUI AS RESULT OF THE PROJECT           |   |               |              |                                |                                     |
| 2. STATE INCOME TAXES  |   |               |              |                                |                                     |
| Taxable Personal Income (Wages Only, and New Resident Household Income)              | \$30,912,386                                | \$177,322,174 | \$66,209,191 | \$274,443,751                  | \$52,805,325                        |
| Taxable Corporate Profits  | \$13,866,542                                | \$68,593,083  | \$59,240,358 | \$141,699,983                  | \$11,214,000                        |
| Personal Taxes Paid  | \$1,576,532                                 | \$9,043,431   | \$3,376,669  | \$13,996,631                   | \$2,693,072                         |
| Corporate Taxes Paid   | \$610,128                                   | \$3,018,096   | \$2,606,576  | \$6,234,799                    | \$493,416                           |
| TOTAL STATE INCOME TAXES   | \$2,186,660                                 | \$12,061,527  | \$5,983,245  | \$20,231,431                   | \$3,186,488                         |
| Source: CBRE/Hallstrom Team  |   |               |              |                                |                                     |

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 \$20.0 million and a stabilized amount of \$1.1 million annually.

| PUBLIC COST AND BENEFITS ASSESSMENT ASSOCIATED WITH THE PROPOSED PULELEHUA COMMUNITY |   |               |              |                                |                                     |
|--|---|---------------|--------------|--------------------------------|-------------------------------------|
| All Amounts Expressed in Constant 2017 Dollars                                       |   |               |              |                                |                                     |
|  | Development, Leasing & Stabilization Period |               |              | Totals During Build-Out Period | Stabilized Annually After Build-out |
| Development Period   | 2017 to 2020                                | 2021 to 2025  | 2026         |                                |                                     |
| INCLUDES ONLY THOSE TAXES WHICH ARE "NEW" TO MAUI AS RESULT OF THE PROJECT           |   |               |              |                                |                                     |
| 3. STATE GROSS EXCISE TAX  |   |               |              |                                |                                     |
| Taxable Transactions   |   |               |              |                                |                                     |
| Construction Contracts   | \$75,011,905                                | \$213,988,095 | \$35,166,667 | \$324,166,667                  |                                     |
| Disposable Income Purchases ( % of Worker Wages and New Household Income)            | \$17,847,285                                | \$102,316,325 | \$35,638,070 | \$155,801,680                  | \$27,595,750                        |
| Total Taxable Transactions   | \$92,859,190                                | \$316,304,420 | \$70,804,737 | \$479,968,347                  | \$27,595,750                        |
| TOTAL STATE EXCISE TAX   | \$3,869,164                                 | \$13,179,456  | \$2,950,221  | \$19,998,841                   | \$1,149,832                         |
| Source: CBRE/Hallstrom Team  |   |               |              |                                |                                     |

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 State tax collection from the subject of \$89.0 million during the initial forecasting period through 2026, and \$9.4 million annually on a stabilized basis.

## CORRELATION OF TOTAL GOVERNMENTAL TAX REVENUES

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

| PUBLIC COST AND BENEFITS ASSESSMENT ASSOCIATED WITH THE PROPOSED PULELEHUA COMMUNITY  |   |              |              |                                |                                     |
|---|---|--------------|--------------|--------------------------------|-------------------------------------|
| All Amounts Expressed in Constant 2017 Dollars  |   |              |              |                                |                                     |
|   | Development, Leasing & Stabilization Period |              |              |                                |                                     |
| Development Period  | 2017 to 2020                                | 2021 to 2025 | 2026         | Totals During Build-Out Period | Stabilized Annually After Build-out |
|   |   |              |              |                                |                                     |
| INCLUDES ONLY THOSE REVENUES AND COSTS WHICH ARE "NEW" TO MAUI  |   |              |              |                                |                                     |
|   |   |              |              |                                |                                     |
| TOTAL GROSS PUBLIC REVENUES   |   |              |              |                                |                                     |
| To County of Maui (Item #1)   | \$1,964,792                                 | \$5,696,341  | \$2,133,763  | \$9,794,896                    | \$2,133,763                         |
| Adjustment for Other Proportional Taxes (1)   | 2.84  | 2.84         | 2.84         | 2.84                           | 2.84                                |
| Adjusted Maui County Revenues   | \$5,580,008                                 | \$16,177,608 | \$6,059,888  | \$27,817,504                   | \$6,059,888                         |
| Plus Impact Fees (2)  | \$6,000,000                                 | \$0          | \$0          | \$6,000,000                    |                                     |
| Total County of Maui Receipts   | \$11,580,008                                | \$16,177,608 | \$6,059,888  | \$33,817,504                   | \$6,059,888                         |
|   |   |              |              |                                |                                     |
| To State (Items #2 & #3)  | \$6,055,823                                 | \$25,240,983 | \$8,933,466  | \$40,230,272                   | \$4,336,320                         |
| Adjustment for Other Proportional Taxes (3)   | 2.17  | 2.17         | 2.17         | 2.17                           | 2.17                                |
| Adjusted State Revenues   | \$13,141,137                                | \$54,772,933 | \$19,385,620 | \$87,299,690                   | \$9,409,814                         |
| Plus Impact Fees (4)  | \$1,748,400                                 | \$0          | \$0          | \$1,748,400                    |                                     |
| Total State of Hawaii Receipts  | \$14,889,537                                | \$54,772,933 | \$19,385,620 | \$89,048,090                   | \$9,409,814                         |
|   |   |              |              |                                |                                     |
| AGGREGATE TAX REVENUES  | \$20,469,545                                | \$70,950,541 | \$25,445,508 | \$116,865,594                  | \$15,469,701                        |
|   |   |              |              |                                |                                     |
| (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   |   |              |              |                                |                                     |

## ESTIMATE OF NEW COUNTY AND STATE SPENDING

The new/additional per capita cost for the County and State associated with the new, in-migrating resident population component at Pulelehua was calculated as follows based on the 2017-18 fiscal year budgets for each government as shown.

| CALCULATION OF PER CAPITA GOVERNMENTAL COSTS FOR FISCAL-YEAR 2017-18  |                         |
|---|-------------------------|
| County of Maui Operating and Capital Budget                           | \$747,195,044           |
| Divided by Total County De Facto Population<br>(Residents & Tourists) | 214,700                 |
| <b>County Per Capita Fiscal Year Expense</b>                          | <b>\$3,480</b>          |
| State of Hawaii Operating Budget                                      | \$13,473,466,599        |
| State of Hawaii Capital Budget  | \$758,632,000           |
| <b>Total State Budget</b>   | <b>\$14,232,098,599</b> |
| Divided by Total State De Facto Population (Residents<br>& Tourists)  | 1,702,168               |
| <b>State Per Capita Fiscal Year Expense</b>                           | <b>\$8,361</b>          |

For each of the 1,148 new Maui residents in Pulelehua the County of Maui and State of Hawaii will have to provide a comprehensive spectrum of services, at a cost of \$3,480 and \$8,361 per capita respectively. This assessment is based on the concept of a community being a "commonwealth" where all the costs and benefits, as determined by a representative government, are equitably shared by all members regardless of whether they personally avail themselves of, or contribute to, a specific budget item.

The total new governmental costs on a periodic basis for the subject to service the new resident component of the project population for the development period and as stabilized are on the following chart.

| PUBLIC COST AND BENEFITS ASSESSMENT ASSOCIATED WITH THE PROPOSED PULELEHUA COMMUNITY |   |              |              |                                |                                     |
|--|---|--------------|--------------|--------------------------------|-------------------------------------|
| All Amounts Expressed in Constant 2017 Dollars                                       |   |              |              |                                |                                     |
|  | Development, Leasing & Stabilization Period |              |              | Totals During Build-Out Period | Stabilized Annually After Build-out |
| Development Period   | 2017 to 2020                                | 2021 to 2025 | 2026         |                                |                                     |
|  |   |              |              |                                |                                     |
| INCLUDES ONLY THOSE REVENUES AND COSTS WHICH ARE "NEW" TO MAUI                       |   |              |              |                                |                                     |
|  |   |              |              |                                |                                     |
| <b>PUBLIC COSTS (Expenses)</b>   |   |              |              |                                |                                     |
| By County of Maui  | \$599,026                                   | \$10,482,953 | \$4,141,414  | \$15,223,392                   | \$4,141,414                         |
| By State of Hawaii   | \$1,439,165                                 | \$25,185,382 | \$9,949,781  | \$36,574,328                   | \$9,949,781                         |
| TOTAL PUBLIC COSTS   | \$2,038,191                                 | \$35,668,335 | \$14,091,194 | \$51,797,720                   | \$14,091,194                        |
| Source: CBRE/Hallstrom Team  |   |              |              |                                |                                     |

The total added operating and capital costs to the County of Maui will amount to \$15.2 million during the build-out period and stabilize at \$4.1 million annually. The total added per capita costs to the State of Hawaii budget will be \$36.6 million during the build-out period and \$9.9 million per year thereafter.

## CORRELATION OF NEW STATE AND COUNTY TAX REVENUES AND NEW SPENDING OBLIGATIONS

As shown below, the County will be provided with a net positive benefit (or "profit") from Pulelehua in each development period and on an annual stabilized basis. The State will have a major net benefit during the development period and a minor annual stabilized shortfall.

| PUBLIC COST AND BENEFITS ASSESSMENT ASSOCIATED WITH THE PROPOSED PULELEHUA 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         |                                |                                     |
| INCLUDES ONLY THOSE REVENUES AND COSTS WHICH ARE "NEW" TO MAUI                       |   |              |              |                                |                                     |
|  |   |              |              |                                |                                     |
| TOTAL NET PUBLIC BENEFITS  |   |              |              |                                |                                     |
| County of Maui   | \$10,980,982                                | \$5,694,655  | \$1,918,474  | \$18,594,112                   | \$1,918,474                         |
| State of Hawaii  | \$13,450,372                                | \$29,587,550 | \$9,435,839  | \$52,473,762                   | (\$539,967)                         |
| AGGREGATE NET BENEFITS   | \$24,431,354                                | \$35,282,206 | \$11,354,314 | \$71,067,874                   | \$1,378,507                         |
|  |   |              |              |                                |                                     |
| Source: CBRE/Hallstrom Team  |   |              |              |                                |                                     |

The net benefit to the County of Maui will total \$18.6 million during build-out and stabilize at \$1.9 million per year (rounded). The State of Hawaii will have net fiscal benefits of \$52.4 million during construction and incur a minimal shortfall of \$540,000 per year thereafter.

The combined fiscal assessment table is shown following.

## PUBLIC COST AND BENEFITS ASSESSMENT ASSOCIATED WITH THE PROPOSED PULELEHUA 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          |                                |                                     |
| PUBLIC BENEFITS (Revenues)   |   |               |               |                                |                                     |
| 1. COUNTY REAL PROPERTY TAXES  |   |               |               |                                |                                     |
| Assessed Value   |   |               |               |                                |                                     |
| Vacant Site  | \$12,390,300                                |               |               |                                |                                     |
| Commercial (at Construction Cost plus 20% for land)                        |   | \$36,000,000  | \$36,000,000  |                                | \$36,000,000                        |
| Residential Units (at Construction Costs plus 33% for land and profit)     | \$51,315,833                                | \$307,895,000 | \$300,025,833 |                                | \$300,025,833                       |
| Total Assessed Value   | \$12,390,300                                | \$343,895,000 | \$336,025,833 |                                | \$336,025,833                       |
| Real Property Taxes  |   |               |               |                                |                                     |
| Vacant Site  | \$68,642                                    |               |               |                                |                                     |
| Commercial   |   | \$237,600     | \$237,600     |                                | \$237,600                           |
| Residential Component  | \$324,316                                   | \$1,945,896   | \$1,896,163   |                                | \$1,896,163                         |
| Total Annual Property Taxes (End of Period)                                | \$392,958                                   | \$2,183,496   | \$2,133,763   |                                | \$2,133,763                         |
| Total Real Property Taxes During Period                                    | \$1,964,792                                 | \$5,696,341   | \$2,133,763   | \$9,794,896                    |                                     |
| INCLUDES ONLY THOSE TAXES WHICH ARE "NEW" TO MAUI AS RESULT OF THE PROJECT |   |               |               |                                |                                     |
| 2. STATE INCOME TAXES  |   |               |               |                                |                                     |
| Taxable Personal Income (Wages Only, and New Resident Household Income)    | \$30,912,386                                | \$177,322,174 | \$66,209,191  | \$274,443,751                  | \$52,805,325                        |
| Taxable Corporate Profits  | \$13,866,542                                | \$68,593,083  | \$59,240,358  | \$141,699,983                  | \$11,214,000                        |
| Personal Taxes Paid  | \$1,576,532                                 | \$9,043,431   | \$3,376,669   | \$13,996,631                   | \$2,693,072                         |
| Corporate Taxes Paid   | \$610,128                                   | \$3,018,096   | \$2,606,576   | \$6,234,799                    | \$493,416                           |
| TOTAL STATE INCOME TAXES   | \$2,186,660                                 | \$12,061,527  | \$5,983,245   | \$20,231,431                   | \$3,186,488                         |
| 3. STATE GROSS EXCISE TAX  |   |               |               |                                |                                     |
| Taxable Transactions   |   |               |               |                                |                                     |
| Construction Contracts   | \$75,011,905                                | \$213,988,095 | \$35,166,667  | \$324,166,667                  |                                     |
| Disposable Income Purchases (% of Worker Wages and New Household Income)   | \$17,847,285                                | \$102,316,325 | \$35,638,070  | \$155,801,680                  | \$27,595,750                        |
| Total Taxable Transactions   | \$92,859,190                                | \$316,304,420 | \$70,804,737  | \$479,968,347                  | \$27,595,750                        |
| TOTAL STATE EXCISE TAX   | \$3,869,164                                 | \$13,179,456  | \$2,950,221   | \$19,998,841                   | \$1,149,832                         |
| INCLUDES ONLY THOSE REVENUES AND COSTS WHICH ARE "NEW" TO MAUI             |   |               |               |                                |                                     |
| TOTAL GROSS PUBLIC REVENUES  |   |               |               |                                |                                     |
| To County of Maui (Item #1)  | \$1,964,792                                 | \$5,696,341   | \$2,133,763   | \$9,794,896                    | \$2,133,763                         |
| Adjustment for Other Proportional Taxes (1)                                | 2.84  | 2.84          | 2.84          | 2.84                           | 2.84                                |
| Adjusted Maui County Revenues  | \$5,580,008                                 | \$16,177,608  | \$6,059,888   | \$27,817,504                   | \$6,059,888                         |
| Plus Impact Fees (2)   | \$6,000,000                                 | \$0           | \$0           | \$6,000,000                    |                                     |
| Total County of Maui Receipts  | \$11,580,008                                | \$16,177,608  | \$6,059,888   | \$33,817,504                   | \$6,059,888                         |
| To State (Items #2 & #3)   | \$6,055,823                                 | \$25,240,983  | \$8,933,466   | \$40,230,272                   | \$4,336,320                         |
| Adjustment for Other Proportional Taxes (3)                                | 2.17  | 2.17          | 2.17          | 2.17                           | 2.17                                |
| Adjusted State Revenues  | \$13,141,137                                | \$54,772,933  | \$19,385,620  | \$87,299,690                   | \$9,409,814                         |
| Plus Impact Fees (4)   | \$1,748,400                                 | \$0           | \$0           | \$1,748,400                    |                                     |
| Total State of Hawaii Receipts   | \$14,889,537                                | \$54,772,933  | \$19,385,620  | \$89,048,090                   | \$9,409,814                         |
| AGGREGATE TAX REVENUES   | \$20,469,545                                | \$70,950,541  | \$25,445,508  | \$116,865,594                  | \$15,469,701                        |
| PUBLIC COSTS (Expenses)  |   |               |               |                                |                                     |
| By County of Maui  | \$599,026                                   | \$10,482,953  | \$4,141,414   | \$15,223,392                   | \$4,141,414                         |
| By State of Hawaii   | \$1,439,165                                 | \$25,185,382  | \$9,949,781   | \$36,574,328                   | \$9,949,781                         |
| TOTAL PUBLIC COSTS   | \$2,038,191                                 | \$35,668,335  | \$14,091,194  | \$51,797,720                   | \$14,091,194                        |
| TOTAL NET PUBLIC BENEFITS  |   |               |               |                                |                                     |
| County of Maui   | \$10,980,982                                | \$5,694,655   | \$1,918,474   | \$18,594,112                   | \$1,918,474                         |
| State of Hawaii  | \$13,450,372                                | \$29,587,550  | \$9,435,839   | \$52,473,762                   | (\$539,967)                         |
| AGGREGATE NET BENEFITS   | \$24,431,354                                | \$35,282,206  | \$11,354,314  | \$71,067,874                   | \$1,378,507                         |

(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**

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<br>2010 Census | Total Housing<br>Units Used<br>by Residents | Average<br>Resident<br>Household<br>Size | Total Units in<br>Housing Inventory<br>Including Second-<br>Homes & TVUs | Percent of Total<br>Units Which Are<br>Second-Homes &<br>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%  |
| <b><u>By Major Census Designated Places</u></b> |                                    |   |  |  |   |
| 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  | <u>21,031</u>                      | <u>7,124</u>                                | <u>2.95</u>                              | <u>11,393</u>  | <u>37.47%</u>   |
| <b><u>By West Maui Census Tract Data</u></b>    |                                    |   |  |  |   |
| 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  | <u>22,508</u>                      | <u>7,955</u>                                | <u>2.83</u>                              | <u>12,515</u>  | <u>36.44%</u>   |
| 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<br>2017 | Projected West Maui Resident Population |           |           | Additional<br>Units<br>Required<br>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<br>(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<br>(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   |                 |   |           |           |  |
|   | Latent Demand   | 2017-2020                               | 2021-2025 | 2026-2030 | Totals                                     |
| 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 retail) 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 to<br>2020      | 2021 to<br>2025      | 2026 to<br>2030      | 2017-2030            |
| <b><u>1. Using Minimum Demand Projections</u></b> |                      |                      |                      |                      |
| 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%                  |
| <b>Total</b>                                      | <b>1,523</b><br>100% | <b>2,072</b><br>100% | <b>2,133</b><br>100% | <b>5,728</b><br>100% |
| <b><u>2. Using Maximum Projections</u></b>        |                      |                      |                      |                      |
| 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%                  |
| <b>Total</b>                                      | <b>2,160</b><br>100% | <b>3,083</b><br>100% | <b>3,698</b><br>100% | <b>8,941</b><br>100% |
| <b><u>Mid-Point</u></b>                           |                      |                      |                      |                      |
| Single Family Homes & Lots                        | 1,123                | 1,650                | 1,895                | 4,668                |
| Multifamily Units                                 | 718                  | 928                  | 1,020                | 2,667                |
| <b>Total</b>                                      | <b>1,841</b>         | <b>2,578</b>         | <b>2,915</b>         | <b>7,335</b>         |

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<br>Income as a % of<br>Median Income<br>(1) | Projection Period |                 |                 | Total<br>Demand<br>2017-2030 |
|-----------------------------|---|-------------------|-----------------|-----------------|------------------------------|
|                             |   | 2017 to<br>2020   | 2021 to<br>2025 | 2026 to<br>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%                      |

### Median Housing Prices in West Maui (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 (2015)         | \$1,245     | \$1,434          | \$2,344   |

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.

(1) While quoted in sales prices the household incomes are also applicable to rental prices and general proportionate demand.

Source: Maui County, DBEDT, MLS and CBRE/Hallstrom Team



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 &amp; PERCENTAGE OF MEDIAN FAMILY INCOME)

| % of Median | 1 PERSON<br>0.7 | 2 PERSON<br>0.8 | 3 PERSON<br>0.9 | 4 PERSON<br>1.0 | 5 PERSON<br>1.08 | 6 PERSON<br>1.16 | 7 PERSON<br>1.24 | 8 PERSON<br>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 &amp; 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**

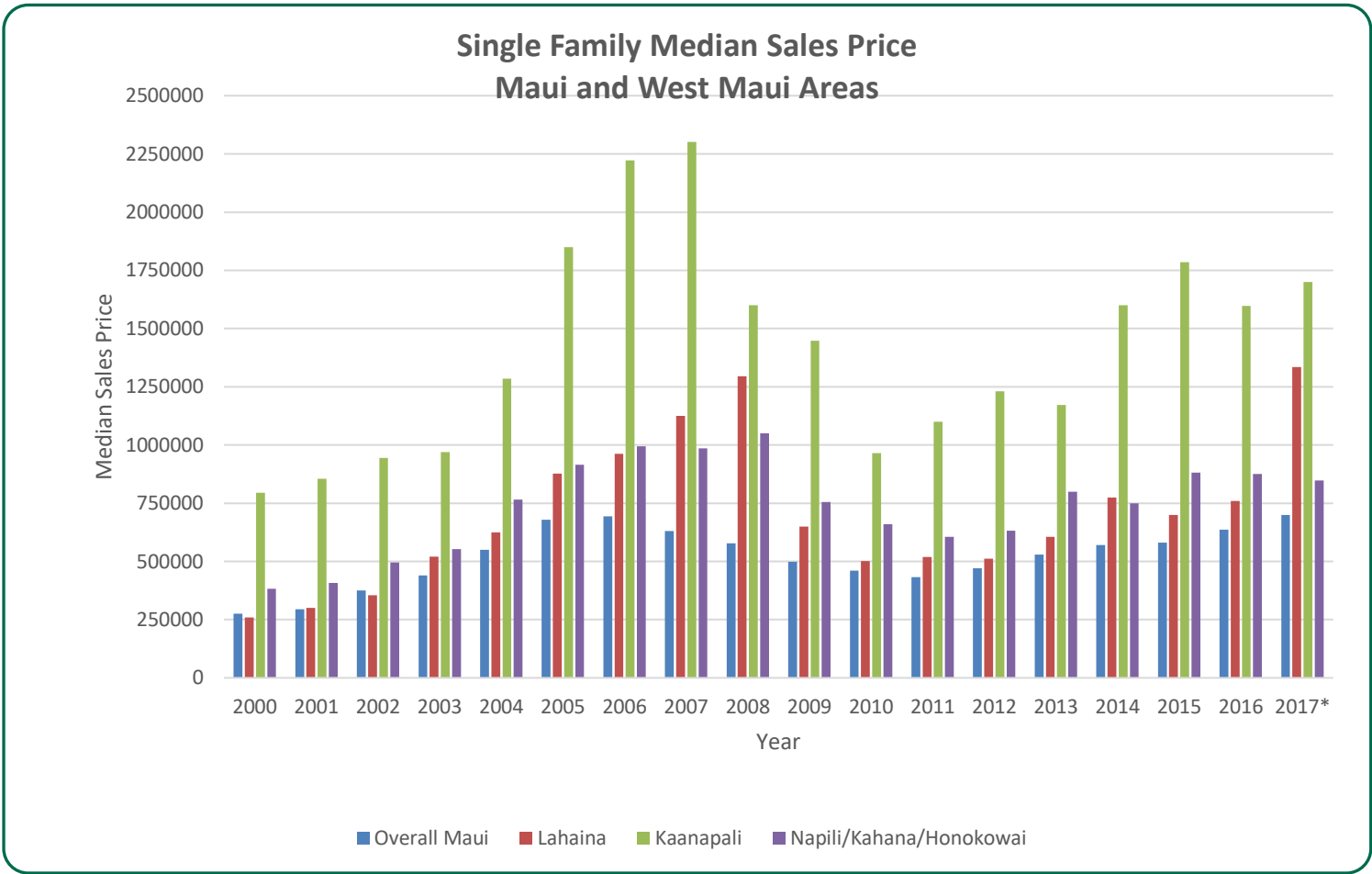
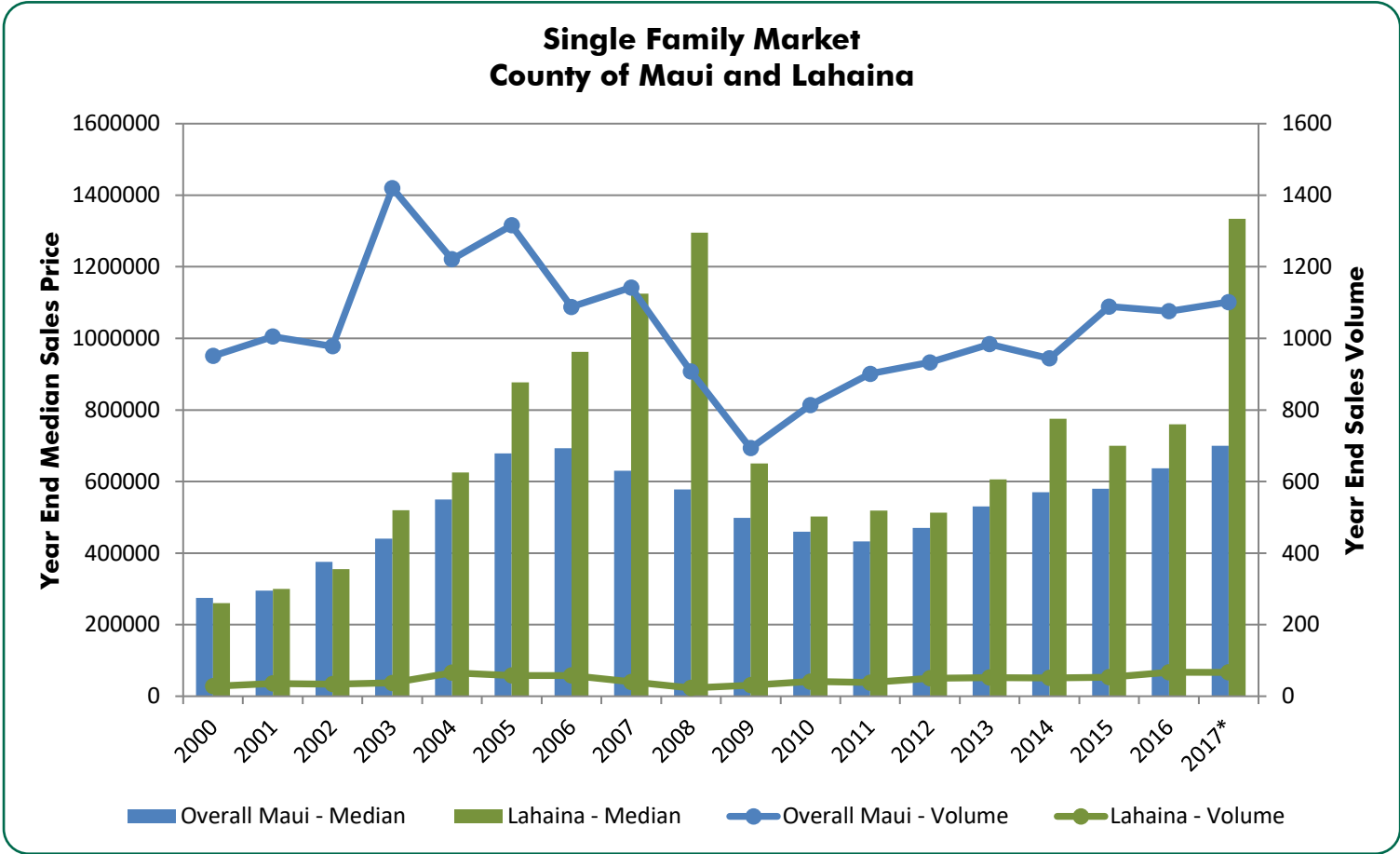
| Location and<br>Property Type                                  |           |           |           |           |             |             |             |             |             |             |           |             |             |             |             |             |             | Annualized<br>September<br>2017 |
|--|-----------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|---------------------------------|
|  | 2000      | 2001      | 2002      | 2003      | 2004        | 2005        | 2006        | 2007        | 2008        | 2009        | 2010      | 2011        | 2012        | 2013        | 2014        | 2015        | 2016        |                                 |
| <b><u>Overall Maui</u></b>                                     |           |           |           |           |             |             |             |             |             |             |           |             |             |             |             |             |             |                                 |
| 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%                         |
|  |           |           |           |           |             |             |             |             |             |             |           |             |             |             |             |             |             |                                 |
| <b><u>Lahaina</u></b>  |           |           |           |           |             |             |             |             |             |             |           |             |             |             |             |             |             |                                 |
| 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%                          |
|  |           |           |           |           |             |             |             |             |             |             |           |             |             |             |             |             |             |                                 |
| <b><u>Kaanapali</u></b>  |           |           |           |           |             |             |             |             |             |             |           |             |             |             |             |             |             |                                 |
| 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%                          |
|  |           |           |           |           |             |             |             |             |             |             |           |             |             |             |             |             |             |                                 |
| <b><u>Napili/Kahana/Honokowai</u></b>                          |           |           |           |           |             |             |             |             |             |             |           |             |             |             |             |             |             |                                 |
| 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<br>September<br>2017 |
|--|-------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------|---------|---------|---------|---------|---------|---------|---------------------------------|
| <b><u>Overall Maui</u></b>                                     |       |         |         |         |         |         |         |         |         |         |        |         |         |         |         |         |         |                                 |
| 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%                          |
|  |       |         |         |         |         |         |         |         |         |         |        |         |         |         |         |         |         |                                 |
| <b><u>Lahaina</u></b>  |       |         |         |         |         |         |         |         |         |         |        |         |         |         |         |         |         |                                 |
| 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%                         |
|  |       |         |         |         |         |         |         |         |         |         |        |         |         |         |         |         |         |                                 |
| <b><u>Kaanapali</u></b>  |       |         |         |         |         |         |         |         |         |         |        |         |         |         |         |         |         |                                 |
| 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%                          |
|  |       |         |         |         |         |         |         |         |         |         |        |         |         |         |         |         |         |                                 |
| <b><u>Napili/Kahana/Honokowai</u></b>                          |       |         |         |         |         |         |         |         |         |         |        |         |         |         |         |         |         |                                 |
| 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. |       |         |         |         |         |         |         |         |         |         |        |         |         |         |         |         |         |                                 |

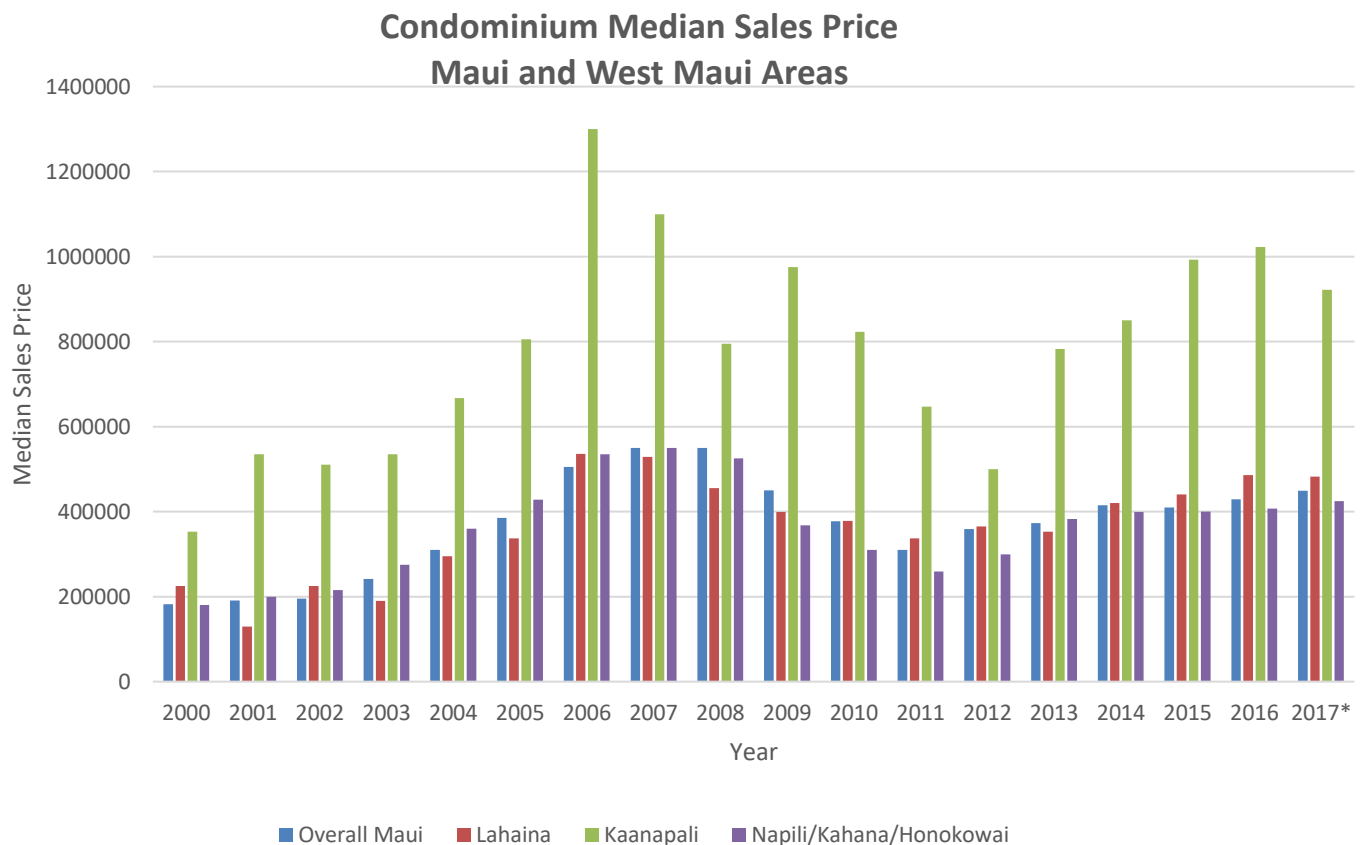
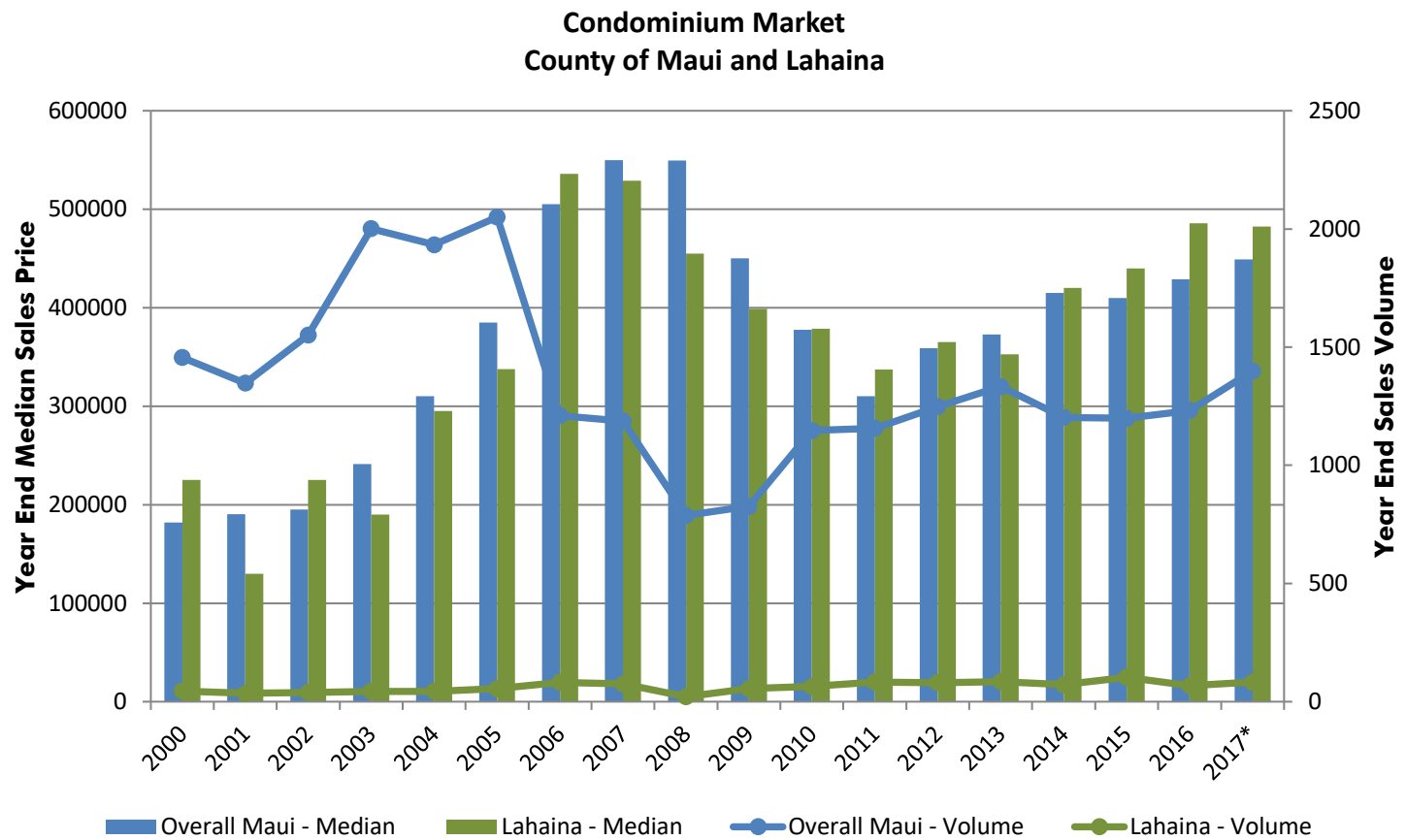
**TABLE A-10**  
**GRAPHS OF MAUI MULTIPLE LISTING SERVICE SINGLE FAMILY SALES FOR MAUI**  
**AND SELECTED WEST MAUI AREAS**



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

TABLE A-11

## 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-12

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

Source: As Cited andCBRE/Hallstrom Team



TABLE A-13

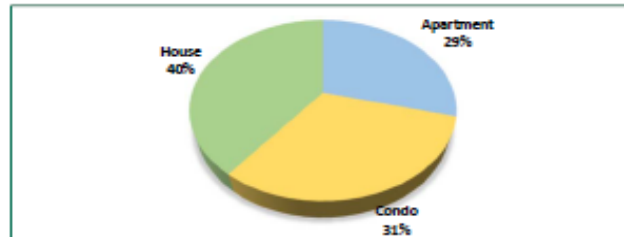
## GRAPHS OF WEST MAUI LONG-TERM RESIDENTIAL RENTAL UNIT SURVEY

| Unit Type          | Number of Units |
|--------------------|-----------------|
| Apartment          | 14              |
| Condo              | 15              |
| House              | 19              |
| <b>Grand Total</b> | <b>48</b>       |

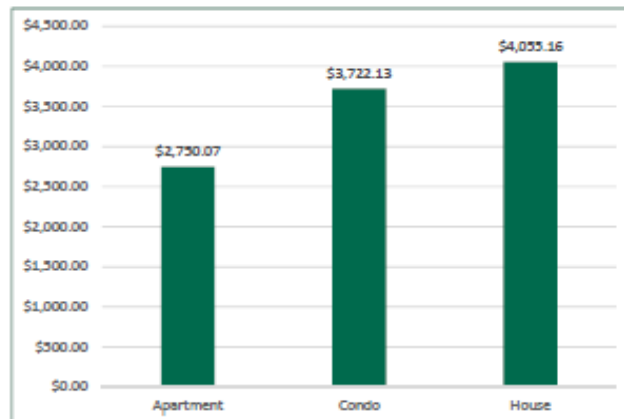
| Unit Type          | Average Rent      |
|--------------------|-------------------|
| Apartment          | \$2,750.07        |
| Condo              | \$3,722.13        |
| House              | \$4,055.16        |
| <b>Grand Total</b> | <b>\$3,570.44</b> |

| Beds               | Average (Rent)    |
|--------------------|-------------------|
| Studio             | \$1,272.50        |
| 1                  | \$2,403.57        |
| 2                  | \$2,939.07        |
| 3                  | \$3,746.18        |
| 4                  | \$5,373.33        |
| <b>Grand Total</b> | <b>\$3,391.09</b> |

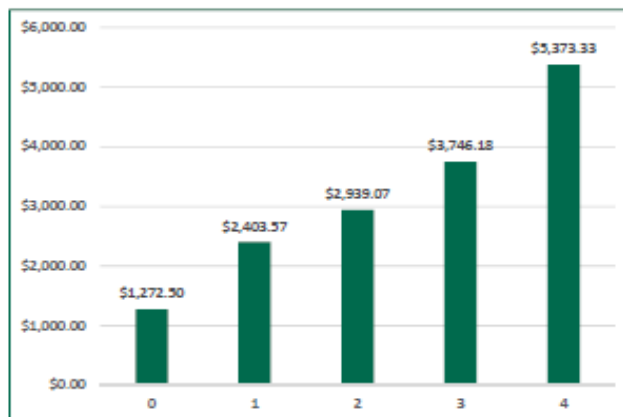
RESIDENTIAL SUPPLY IN STUDY AREA BY TYPE



AVERAGE ASKING RENT BY TYPE



Average Asking Rent by Bedroom Total



Source: As Cited and CBRE/Hallstrom Team

**TABLE A-14****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       |
| <b>Totals</b>                   |                            | <b>99%</b> | <b>1,086</b> |            |
| Compiled by CBRE/Hallstrom Team |                            |            |              |            |



TABLE A-15

| 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%             |
| <b>Total</b>  | <b>576</b>       |                                       | <b>100%</b>      |
| Compiled by CBRE/Hallstrom Team                                 |                  |                                       |                  |

TABLE A-16

| Summary of West Maui Rental Complexes |            |      |                        |        |
|---------------------------------------|------------|------|------------------------|--------|
| Comparable Project                    | Unit Type  | Size | Rental Rates<br>\$/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-17

**PROPOSED MAJOR WEST MAUI RESIDENTIAL PROJECTS BY ENTITLEMENT STATUS**  
**Excluding Proposed Pululehua Community**

|   | Single Family Lots and<br>Homes | Multi-Family Units | Total Residential Units |
|---|---------------------------------|--------------------|-------------------------|
| <b><u>Committed (Entitled)</u></b>                                    |                                 |                    |                         |
| 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                     |
| <b>Sub-Total</b>  | <b>1,116</b>                    | <b>950</b>         | <b>2,066</b>            |
| Percent of Total  | 54.0%                           | 46.0%              | 100.0%                  |
| <b><u>Maui Island Plan &amp; Community Plan (Partly Entitled)</u></b> |                                 |                    |                         |
| Kaanapali Lower North Honokowai                                       | 275                             | 330                | 605                     |
| Lealii HHFDC Community  | 600                             | 600                | 1,200                   |
| <b>Sub-Total</b>  | <b>875</b>                      | <b>930</b>         | <b>1,805</b>            |
| Percent of Total  | 48.5%                           | 51.5%              | 100.0%                  |
| <b><u>Maui Island Plan Only</u></b>                                   |                                 |                    |                         |
| 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                     |
| <b>Sub-Total</b>  | <b>2,695</b>                    | <b>990</b>         | <b>3,685</b>            |
| Percent of Total  | 73.1%                           | 26.9%              | 100.0%                  |
| <b>WEST MAUI TOTAL</b>  | <b>4,686</b>                    | <b>2,870</b>       | <b>7,556</b>            |
| 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-18

| 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              |   |
| <u>West Maui</u>                                       |                 |               |       |                      |                |                          |                            |   |
| 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.                   |
| <u>Central Maui</u>                                    |                 |               |       |                      |                |                          |                            |   |
| 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                       |
| <u>South Maui</u>                                      |                 |               |       |                      |                |                          |                            |   |
| 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                        |                 |               |       |                      |                |                          |                            |   |

Addendum B

# ABSORPTION FORECAST TABLES

TABLE B-1

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

| Segment  | TOTAL<br>UNITS | 2017-2020    | 2021-2025    | 2026-2030    |
|--|----------------|--------------|--------------|--------------|
| <b><u>1. Minimum Demand</u></b>  |                |              |              |              |
| Assumed Supply (80% of entitled and partially entitled market projects)  | 3,097          | 260          | 1,418        | 1,418        |
| Regional Housing Demand  | <u>5,728</u>   | <u>1,523</u> | <u>2,072</u> | <u>2,133</u> |
| Shortage or (Excess) Supply  | 2,631          | 1,263        | 654          | 714          |
| <b><u>Potential Residual Subject Minimum Demand</u></b>                  |                |              |              |              |
| at 95% Capture Rate  | 2,500          | 1,200        | 621          | 678          |
| at 90% Capture Rate  | 2,368          | 1,137        | 588          | 643          |
| <b><u>2. Maximum Demand</u></b>  |                |              |              |              |
| Assumed Supply (100% of entitled and partially entitled market projects) | 3,871          | 260          | 1,806        | 1,806        |
| Regional Housing Demand  | <u>8,941</u>   | <u>2,160</u> | <u>3,083</u> | <u>3,698</u> |
| Shortage or (Excess) Supply  | 5,070          | 1,900        | 1,278        | 1,893        |
| <b><u>Potential Residual Subject Maximum Demand</u></b>                  |                |              |              |              |
| at 95% Capture Rate  | 4,817          | 1,805        | 1,214        | 1,798        |
| at 90% Capture Rate  | 4,563          | 1,710        | 1,150        | 1,703        |

**Indicated Number of Years Required to Absorb 900 Pulelehua  
Units Using Residual Method**

| Scenario  | Percent of<br>Residual Demand | Number of Years<br>to Achieve Full<br>Absorption |
|-----------|-------------------------------|--|
| Minimum   | 34.2%                         | 8.0  |
| Maximum   | 17.8%                         | 4.5  |
| Mid-Point | <u>26.0%</u>                  | <u>6.3</u>                                       |
|           |                               | <b>= Absorption Period</b>                       |

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<br>Regional<br>MF Unit Demand | Effective<br>Subject<br>Share | Indicated<br>Total<br>Subject<br>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                                 | 18.50%                        | 28  |
| <b>Totals</b> |        | <b>1,640</b>                        | <b>54.86%</b>                 | <b>900</b>                                  |

Indicated Absorption Period      10.3 Years

### Scenario Two: Using Maximum Demand Assumptions

| Sales Year    |        | Total<br>Regional<br>MF Unit Demand | Effective<br>Subject<br>Share | Indicated<br>Total<br>Subject<br>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                                 | 36.50%                        | 81  |
| <b>Totals</b> |        | <b>1,531</b>                        | <b>58.80%</b>                 | <b>900</b>                                  |

Indicated Absorption Period      6.6 Years

### ANALYSIS MID-POINT

|           |       |        |     |
|-----------|-------|--------|-----|
| 8.5 Years | 1,586 | 56.77% | 900 |
|-----------|-------|--------|-----|

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<br>During Build-Out<br>Period | Stabilized Annually<br>Thereafter |
|--|--|-----------------------------------|
| Direct Capital Investment                        | \$324,166,667                            |                                   |
| Local Contractor's Profits                       | \$32,416,667                             |                                   |
| Local Supplier's Profits                         | \$12,966,667                             |                                   |
| Worker Years of Jobs                             | 3,274                                    | 304                               |
| Employee Wages                                   | \$185,798,050                            | \$11,930,880                      |
| Total Resident Population                        |  | 2,380                             |
| New Inmigrating Maui Residents                   |  | 1,190                             |
| Resident Household Income                        | \$334,608,098                            | \$81,748,890                      |
| New Maui Resident Household Income               | \$167,304,049                            | \$40,874,445                      |
| Resident Discretionary Expenditures              | \$167,304,049                            | \$40,874,445                      |
| New Maui Resident Discretionary Income           | \$83,652,025                             | \$20,437,222                      |
| Total Operating/Business Activity Gross Receipts | \$642,111,000                            | \$74,760,000                      |
| Outside Patronage Expenditures                   | \$96,065,625                             | \$6,825,000                       |
| Total Maui "Base" Economic Impact                | \$966,277,667                            | \$74,760,000                      |

**INCLUDES ONLY THOSE TAXES WHICH ARE "NEW" TO MAUI**

|  |              |             |
|--|--------------|-------------|
| County of Maui Gross New Tax Receipts      | \$33,817,504 | \$6,059,888 |
| State of Hawaii Gross New Tax Receipts     | \$89,048,090 | \$9,409,814 |
| County of Maui New Expenditures            | \$15,223,392 | \$4,141,414 |
| State of Hawaii New Expenditures           | \$36,574,328 | \$9,949,781 |
| County of Maui Net New Profits/(Expenses)  | \$18,594,112 | \$1,918,474 |
| State of Hawaii Net New Profits/(Expenses) | \$52,473,762 | (\$539,967) |

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                |                         |
| Infrastructure Emplacement (1)           | \$15,000,000        | \$12,500,000         | \$2,500,000         | \$30,000,000            |
| Commercial Construction (2)              | \$21,428,571        | \$8,571,429          |                     | \$30,000,000            |
| Residential Component (3)                | \$38,583,333        | \$192,916,667        | \$32,666,667        | \$264,166,667           |
| <b>TOTAL PERIODIC CONSTRUCTION COSTS</b> | <b>\$75,011,905</b> | <b>\$213,988,095</b> | <b>\$35,166,667</b> | <b>\$324,166,667</b>    |
| Contractor Profits                       | \$7,501,190         | \$21,398,810         | \$3,516,667         | \$32,416,667            |
| Supplier Profits                         | \$3,000,476         | \$8,559,524          | \$1,406,667         | \$12,966,667            |

**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 apartment unit (includes interior improvements, site work, landscaping and amenities and \$975,000 per single family home (2,500 SF X \$350/SF + \$100,000 in site finish and landscaping work).

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 |
|   | 2017 to 2020       | 2021 to 2025 | 2026 |                         |
| Infrastructure Emplacement (1)  | 38                 | 31           | 6    | 75                      |
| Commercial Construction (2)   | 86                 | 34           |      | 120                     |
| Residential Component (2,3)   | 193                | 965          | 163  | 1,321                   |
| Total Periodic Construction Jobs  | 316                | 1,030        | 170  | 1,516                   |
| On-Going Business Employment  |                    |              |      | Stabilized Annually     |
| Commercial Worker Years (3)   |                    | 686          | 200  | 886                     |
| Total FTE Jobs in Place at End of Period  |                    | 200          | 200  | 200                     |
| Maintenance & Common Element (4)  |                    | 69           | 28   | 97                      |
| Total FTE Jobs in Place at End of Period  |                    | 20           | 28   | 28                      |
| Total Periodic On-Going Business Jobs   |                    | 754          | 228  | 982                     |
| Total FTE Jobs in Place at End of Period  |                    | 220          | 228  | 228                     |
| Off-Site Employment (5)   | 105                | 595          | 76   | 776                     |
| Total FTE Jobs in Place at End of Period  |                    | 73           | 76   | 76                      |
| TOTAL PERIODIC WORKER YEARS   | 422                | 2,379        | 474  | 3,274                   |
| TOTAL END-OF-PERIOD PERMANENT JOBCOUNT  |                    | 293          | 304  | 304                     |
| <div>(1) Infrastructure construction employment estimated at 1 worker-year for every \$400,000 in costs.</div> <div>(2) Vertical construction (all types) employment estimated at 1 worker year for every \$200,000 in costs.</div> <div>(3) Includes 800 apartment units and 100 single family homes.</div> <div>(4) Employment estimated at 1 full-time-equivalent worker for every 350 square feet of gross floor area. First stores opening in 2021.</div> <div>(5) 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.</div> <div>(6) Estimated at one cumulative off-site employment position for every three on site positions.</div> |                    |              |      |                         |
| Source: CBRE/Hallstrom Team   |                    |              |      |                         |

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                | Totals During Build-Out |                            |
|---|---------------------|----------------------|---------------------|-------------------------|----------------------------|
| Infrastructure Emplacement (1)                | \$2,964,000         | \$2,470,000          | \$494,000           | \$5,928,000             |                            |
| Residential Construction                      |                     |                      |                     |                         |                            |
| Rental Apartments & Homes (1)                 | \$15,248,133        | \$76,240,667         | \$12,909,867        | \$104,398,667           |                            |
| <b>Total Periodic Construction Wages</b>      | <b>\$18,212,133</b> | <b>\$78,710,667</b>  | <b>\$13,403,867</b> | <b>\$110,326,667</b>    |                            |
| <u>On-Going Business Wages</u>                |                     |                      |                     |                         | <b>Stabilized Annually</b> |
| Commercial (2)                                |                     | \$22,820,571         | \$6,656,000         | \$29,476,571            | \$6,656,000                |
| Maintenance & Common Element (3)              |                     | \$2,853,760          | \$1,164,800         | \$4,018,560             | \$1,164,800                |
| <b>Total Periodic On-Going Business Wages</b> |                     | <b>\$25,674,331</b>  | <b>\$7,820,800</b>  | <b>\$33,495,131</b>     | <b>\$7,820,800</b>         |
| Off-Site Employment Wages (4)                 | \$5,698,787         | \$32,167,385         | \$4,110,080         | \$41,976,252            | \$4,110,080                |
| <b>TOTAL PERIODIC WAGES</b>                   | <b>\$23,910,921</b> | <b>\$136,552,383</b> | <b>\$25,334,747</b> | <b>\$185,798,050</b>    | <b>\$11,930,880</b>        |

(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 |               |              |                        |
|  | 2017 to 2020       | 2021 to 2025  | 2026         | Total During Build-Out |
| Workforce/Affordable Apartment Units   |                    |               |              |                        |
| Number of Periodically Rented  | 40                 | 200           | 40           |                        |
| Cumulative Units Rented  | 40                 | 240           | 280          |                        |
| Percent of Total Units in Project  | 4%                 | 27%           | 31%          |                        |
| Average Household Size   | 2.55               | 2.55          | 2.55         |                        |
| Total Residents End of Each Period   | 102                | 612           | 714          |                        |
| Market-Priced Apartment Units  |                    |               |              |                        |
| Number of Periodically Rented  | 75                 | 375           | 70           |                        |
| Cumulative Units Rented  | 75                 | 450           | 520          |                        |
| Percent of Total Units in Project  | 8%                 | 50%           | 58%          |                        |
| Average Household Size   | 2.55               | 2.55          | 2.55         |                        |
| Total Residents End of Each Period   | 191                | 1,148         | 1,326        |                        |
| Single Family Homes  |                    |               |              |                        |
| Number of Periodically Built   | 15                 | 75            | 10           |                        |
| Cumulative Homes Built   | 15                 | 90            | 100          |                        |
| Percent of Total Units in Project  | 2%                 | 10%           | 11%          |                        |
| Average Household Size   | 3.40               | 3.40          | 3.40         |                        |
| Total Residents End of Each Period   | 51                 | 306           | 340          |                        |
| Total Resident Population End of Period  |                    |               |              |                        |
|  | 344                | 2,066         | 2,380        |                        |
| Average Number of Residents Each Project Year During Period  |                    |               |              |                        |
|  | 344                | 1,205         | 2,380        |                        |
| NEW (INMIGRATING) MAUI RESIDENTS END OF PERIOD   |                    |               |              |                        |
|  | 172                | 1,033         | 1,190        |                        |
| Average Number of NEW Residents Each Project Year During Period  |                    |               |              |                        |
|  | 172                | 602           | 1,190        |                        |
| RESIDENT HOUSEHOLD INCOME (1)  |                    |               |              |                        |
| Annually (at end of period)  | \$14,002,930       | \$81,539,581  | \$81,748,890 | \$81,748,890           |
| Periodic   | \$14,002,930       | \$238,856,279 | \$81,748,890 | \$334,608,098          |
| NEW (INMIGRATING) MAUI RESIDENTS   |                    |               |              |                        |
| Annually (at end of period)  | \$7,001,465        | \$40,769,791  | \$40,874,445 | \$40,874,445           |
| Periodic   | \$7,001,465        | \$119,428,139 | \$40,874,445 | \$167,304,049          |
| TOTAL DISCRETIONARY EXPENDITURES (2)   |                    |               |              |                        |
| Annually (at end of period)  | \$7,001,465        | \$40,769,791  | \$40,874,445 | \$40,874,445           |
| Periodic   | \$7,001,465        | \$119,428,139 | \$40,874,445 | \$167,304,049          |
| NEW (INMIGRATING) MAUI RESIDENTS   |                    |               |              |                        |
| Annually (at end of period)  | \$3,500,733        | \$20,384,895  | \$20,437,222 | \$20,437,222           |
| Periodic   | \$3,500,733        | \$59,714,070  | \$20,437,222 | \$83,652,025           |
| 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. The 100 single family homes are estimated to have households income of \$165,200, or 200% of the Maui median. |                    |               |              |                        |
| (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          | Totals During Build-Out | Stabilized Annually |
|---|--------------|---------------|---------------|-------------------------|---------------------|
| <u>Commercial Businesses (1)</u>            |              |               |               |                         |                     |
| 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            |                     |
| <u>Maintenance &amp; Common Element (2)</u> |              |               |               |                         |                     |
| 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            |                     |
| <u>Rental Apartment Operations (3)</u>      |              |               |               |                         |                     |
| Annual Rental Revenues at End-of-Period     | \$3,232,500  | \$15,262,500  | \$20,460,000  |                         | \$20,460,000        |
| Total Revenue Activity During Period        | \$3,232,500  | \$41,295,000  | \$90,613,500  | \$135,141,000           |                     |
| ANNUAL ACTIVITY AT END-OF-PERIOD            | \$22,432,500 | \$63,862,500  | \$74,760,000  |                         | \$74,760,000        |
| TOTAL DURING PERIOD                         | \$22,432,500 | \$257,565,000 | \$362,113,500 | \$642,111,000           |                     |

(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          | Totals During Build-Out | Stabilized Annually |
|----------------------------------|--------------|---------------|---------------|-------------------------|---------------------|
| <u>Construction Activity</u>     |              |               |               |                         |                     |
| Construction Wages               | \$18,212,133 | \$78,710,667  | \$13,403,867  | \$110,326,667           |                     |
| Contractor Profits               | \$7,501,190  | \$21,398,810  | \$3,516,667   | \$32,416,667            |                     |
| Supplier Profits                 | \$3,000,476  | \$8,559,524   | \$1,406,667   | \$12,966,667            |                     |
| Other Construction Costs         | \$46,298,105 | \$105,319,095 | \$16,839,467  | \$168,456,667           |                     |
| Total Construction Impact        | \$75,011,905 | \$213,988,095 | \$35,166,667  | \$324,166,667           |                     |
| <u>On-Site Business Activity</u> |              |               |               |                         |                     |
| 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      | \$3,232,500  | \$41,295,000  | \$90,613,500  | \$135,141,000           | \$20,460,000        |
| Total Business Impact            | \$22,432,500 | \$257,565,000 | \$362,113,500 | \$642,111,000           | \$74,760,000        |
| TOTAL BASE ECONOMIC IMPACT       |              |               |               |                         |                     |
| Total During Period              | \$97,444,405 | \$471,553,095 | \$397,280,167 | \$966,277,667           | \$74,760,000        |

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                |                         |
| <b><u>Construction Costs</u></b>  | <b>\$75,011,905</b>                         | <b>\$213,988,095</b> | <b>\$35,166,667</b> | <b>\$324,168,693</b>    |
| 1. Economic Output Multiplier   | 2.01  | 2.01                 | 2.01                | 2.01                    |
| <b>Total State Economic Output</b>  | <b>\$150,773,929</b>                        | <b>\$430,116,071</b> | <b>\$70,685,000</b> | <b>\$651,579,072</b>    |
| 2. Earnings Multiplier  | 0.68  | 0.68                 | 0.68                | 0.68                    |
| <b>Total Increase in State Earnings</b>   | <b>\$51,008,095</b>                         | <b>\$145,511,905</b> | <b>\$23,913,333</b> | <b>\$220,434,711</b>    |
| 3. State Tax Multipliers  | 0.1024                                      | 0.1024               | 0.1024              | 0.1024                  |
| <b>Total Increase in State Taxes</b>  | <b>\$7,681,219</b>                          | <b>\$21,912,381</b>  | <b>\$3,601,067</b>  | <b>\$33,194,874</b>     |
| 4. Total Job Multipliers  | 9.40  | 9.40                 | 9.40                | 9.40                    |
| <b>Total State Jobs Created</b>   | <b>705.1</b>                                | <b>2,011.5</b>       | <b>330.6</b>        | <b>3,047.2</b>          |
| <b><u>Construction Employment</u></b>   | <b>316</b>                                  | <b>1,030</b>         | <b>170</b>          | <b>1,516</b>            |
| 5. Direct-Effect Job Multipliers  | 1.61  | 1.61                 | 1.61                | 1.61                    |
| <b>Total Direct Jobs Created</b>  | <b>509.0</b>                                | <b>1,658.5</b>       | <b>273.0</b>        | <b>2,440.5</b>          |
| <b><u>Construction Wages</u></b>  | <b>\$18,212,133</b>                         | <b>\$78,710,667</b>  | <b>\$13,403,867</b> | <b>\$110,326,667</b>    |
| 6. Direct-Effect Earnings   | 1.62  | 1.62                 | 1.62                | 1.62                    |
| <b>Total Increase in Direct Earnings</b>  | <b>\$29,503,656</b>                         | <b>\$127,511,280</b> | <b>\$21,714,264</b> | <b>\$178,729,200</b>    |
| 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                 |                      |
| <b><u>Operating Revenues</u></b>         | <b>\$22,432,500</b>                         | <b>\$257,565,000</b> | <b>\$362,113,500</b> | <b>\$74,760,000</b>  |
| 1. Economic Output Multiplier            | 1.66  | 1.66                 | 1.66                 | 1.66                 |
| <b>Total State Economic Output</b>       | <b>\$37,125,788</b>                         | <b>\$426,270,075</b> | <b>\$599,297,843</b> | <b>\$123,727,800</b> |
| 2. Earnings Multiplier                   | 0.44  | 0.44                 | 0.44                 | 0.44                 |
| <b>Total Increase in State Earnings</b>  | <b>\$9,870,300</b>                          | <b>\$113,328,600</b> | <b>\$159,329,940</b> | <b>\$32,894,400</b>  |
| 3. State Tax Multipliers                 | 0.0503                                      | 0.0503               | 0.0503               | 0.0503               |
| <b>Total Increase in State Taxes</b>     | <b>\$1,128,916</b>                          | <b>\$12,961,959</b>  | <b>\$18,223,362</b>  | <b>\$3,762,297</b>   |
| 4. Total Job Multipliers                 | 10.68                                       | 10.68                | 10.68                | 10.68                |
| <b>Total State Jobs Created</b>          | <b>239.5</b>                                | <b>2,749.5</b>       | <b>3,865.6</b>       | <b>798.1</b>         |
| <b><u>Operating Employment</u></b>       | <b>105</b>                                  | <b>1,349</b>         | <b>304</b>           | <b>304</b>           |
| 5. Direct-Effect Job Multipliers         | 1.31  | 1.31                 | 1.31                 | 1.31                 |
| <b>Total Direct Jobs Created</b>         | <b>138.0</b>                                | <b>1,767.4</b>       | <b>398.2</b>         | <b>398.2</b>         |
| <b><u>Operating Wages</u></b>            | <b>\$5,698,787</b>                          | <b>\$57,841,716</b>  | <b>\$11,930,880</b>  | <b>\$11,930,880</b>  |
| 6. Direct-Effect Earnings                | 1.62  | 1.62                 | 1.62                 | 1.62                 |
| <b>Total Increase in Direct Earnings</b> | <b>\$9,232,035</b>                          | <b>\$93,703,580</b>  | <b>\$19,328,026</b>  | <b>\$19,328,026</b>  |

(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 PULELEHUA 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          |                                |                                     |
| PUBLIC BENEFITS (Revenues)   |   |               |               |                                |                                     |
| 1. COUNTY REAL PROPERTY TAXES  |   |               |               |                                |                                     |
| Assessed Value   |   |               |               |                                |                                     |
| Vacant Site  | \$12,390,300                                |               |               |                                |                                     |
| Commercial (at Construction Cost plus 20% for land)                                  |   | \$36,000,000  | \$36,000,000  |                                | \$36,000,000                        |
| Residential Units (at Construction Costs plus 33% for land and profit)               | \$51,315,833                                | \$307,895,000 | \$300,025,833 |                                | \$300,025,833                       |
| Total Assessed Value   | \$12,390,300                                | \$343,895,000 | \$336,025,833 |                                | \$336,025,833                       |
| Real Property Taxes  |   |               |               |                                |                                     |
| Vacant Site  | \$68,642                                    |               |               |                                |                                     |
| Commercial   |   | \$237,600     | \$237,600     |                                | \$237,600                           |
| Residential Component  | \$324,316                                   | \$1,945,896   | \$1,896,163   |                                | \$1,896,163                         |
| Total Annual Property Taxes (End of Period)  | \$392,958                                   | \$2,183,496   | \$2,133,763   |                                | \$2,133,763                         |
| Total Real Property Taxes During Period  | \$1,964,792                                 | \$5,696,341   | \$2,133,763   | \$9,794,896                    |                                     |
| INCLUDES ONLY THOSE TAXES WHICH ARE "NEW" TO MAUI AS RESULT OF THE PROJECT           |   |               |               |                                |                                     |
| 2. STATE INCOME TAXES  |   |               |               |                                |                                     |
| Taxable Personal Income (Wages Only, and New Resident Household Income)              | \$30,912,386                                | \$177,322,174 | \$66,209,191  | \$274,443,751                  | \$52,805,325                        |
| Taxable Corporate Profits  | \$13,866,542                                | \$68,593,083  | \$59,240,358  | \$141,699,983                  | \$11,214,000                        |
| Personal Taxes Paid  | \$1,576,532                                 | \$9,043,431   | \$3,376,669   | \$13,996,631                   | \$2,693,072                         |
| Corporate Taxes Paid   | \$610,128                                   | \$3,018,096   | \$2,606,576   | \$6,234,799                    | \$493,416                           |
| TOTAL STATE INCOME TAXES   | \$2,186,660                                 | \$12,061,527  | \$5,983,245   | \$20,231,431                   | \$3,186,488                         |
| 3. STATE GROSS EXCISE TAX  |   |               |               |                                |                                     |
| Taxable Transactions   |   |               |               |                                |                                     |
| Construction Contracts   | \$75,011,905                                | \$213,988,095 | \$35,166,667  | \$324,166,667                  |                                     |
| Disposable Income Purchases (% of Worker Wages and New Household Income)             | \$17,847,285                                | \$102,316,325 | \$35,638,070  | \$155,801,680                  | \$27,595,750                        |
| Total Taxable Transactions   | \$92,859,190                                | \$316,304,420 | \$70,804,737  | \$479,968,347                  | \$27,595,750                        |
| TOTAL STATE EXCISE TAX   | \$3,869,164                                 | \$13,179,456  | \$2,950,221   | \$19,998,841                   | \$1,149,832                         |
| INCLUDES ONLY THOSE REVENUES AND COSTS WHICH ARE "NEW" TO MAUI                       |   |               |               |                                |                                     |
| TOTAL GROSS PUBLIC REVENUES  |   |               |               |                                |                                     |
| To County of Maui (Item #1)  | \$1,964,792                                 | \$5,696,341   | \$2,133,763   | \$9,794,896                    | \$2,133,763                         |
| Adjustment for Other Proportional Taxes (1)  | 2.84  | 2.84          | 2.84          | 2.84                           | 2.84                                |
| Adjusted Maui County Revenues  | \$5,580,008                                 | \$16,177,608  | \$6,059,888   | \$27,817,504                   | \$6,059,888                         |
| Plus Impact Fees (2)   | \$6,000,000                                 | \$0           | \$0           | \$6,000,000                    |                                     |
| Total County of Maui Receipts  | \$11,580,008                                | \$16,177,608  | \$6,059,888   | \$33,817,504                   | \$6,059,888                         |
| To State (Items #2 & #3)   | \$6,055,823                                 | \$25,240,983  | \$8,933,466   | \$40,230,272                   | \$4,336,320                         |
| Adjustment for Other Proportional Taxes (3)  | 2.17  | 2.17          | 2.17          | 2.17                           | 2.17                                |
| Adjusted State Revenues  | \$13,141,137                                | \$54,772,933  | \$19,385,620  | \$87,299,690                   | \$9,409,814                         |
| Plus Impact Fees (4)   | \$1,748,400                                 | \$0           | \$0           | \$1,748,400                    |                                     |
| Total State of Hawaii Receipts   | \$14,889,537                                | \$54,772,933  | \$19,385,620  | \$89,048,090                   | \$9,409,814                         |
| AGGREGATE TAX REVENUES   | \$20,469,545                                | \$70,950,541  | \$25,445,508  | \$116,865,594                  | \$15,469,701                        |
| PUBLIC COSTS (Expenses)  |   |               |               |                                |                                     |
| By County of Maui  | \$599,026                                   | \$10,482,953  | \$4,141,414   | \$15,223,392                   | \$4,141,414                         |
| By State of Hawaii   | \$1,439,165                                 | \$25,185,382  | \$9,949,781   | \$36,574,328                   | \$9,949,781                         |
| TOTAL PUBLIC COSTS   | \$2,038,191                                 | \$35,668,335  | \$14,091,194  | \$51,797,720                   | \$14,091,194                        |
| TOTAL NET PUBLIC BENEFITS  |   |               |               |                                |                                     |
| County of Maui   | \$10,980,982                                | \$5,694,655   | \$1,918,474   | \$18,594,112                   | \$1,918,474                         |
| State of Hawaii  | \$13,450,372                                | \$29,587,550  | \$9,435,839   | \$52,473,762                   | (\$539,967)                         |
| AGGREGATE NET BENEFITS   | \$24,431,354                                | \$35,282,206  | \$11,354,314  | \$71,067,874                   | \$1,378,507                         |

(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.

TABLE D-2

| PUBLIC COST AND BENEFITS ASSESSMENT ASSOCIATED WITH THE PROPOSED PULELEHUA 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          |                                |                                     |
| <u>PUBLIC BENEFITS (Revenues)</u>  |   |               |               |                                |                                     |
| 1. COUNTY REAL PROPERTY TAXES  |   |               |               |                                |                                     |
| <i>Assessed Value</i>  |   |               |               |                                |                                     |
| Vacant Site  | \$12,390,300                                |               |               |                                |                                     |
| Commercial (at Construction Cost plus 20% for land)                                  |   | \$36,000,000  | \$36,000,000  |                                | \$36,000,000                        |
| Residential Units (at Construction Costs plus 33% for land and profit)               | \$51,315,833                                | \$307,895,000 | \$300,025,833 |                                | \$300,025,833                       |
| Total Assessed Value   | \$12,390,300                                | \$343,895,000 | \$336,025,833 |                                | \$336,025,833                       |
| <i>Real Property Taxes</i>   |   |               |               |                                |                                     |
| Vacant Site  | \$68,642                                    |               |               |                                |                                     |
| Commercial   |   | \$237,600     | \$237,600     |                                | \$237,600                           |
| Residential Component  | \$324,316                                   | \$1,945,896   | \$1,896,163   |                                | \$1,896,163                         |
| Total Annual Property Taxes (End of Period)  | \$392,958                                   | \$2,183,496   | \$2,133,763   |                                | \$2,133,763                         |
| Total Real Property Taxes During Period  | \$1,964,792                                 | \$5,696,341   | \$2,133,763   | \$9,794,896                    |                                     |
| Source: CBRE/Hallstrom Team  |   |               |               |                                |                                     |

TABLE D-3

| PUBLIC COST AND BENEFITS ASSESSMENT ASSOCIATED WITH THE PROPOSED PULELEHUA 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         |                                |                                     |
| INCLUDES ONLY THOSE TAXES WHICH ARE "NEW" TO MAUI AS RESULT OF THE PROJECT           |   |               |              |                                |                                     |
| 2. STATE INCOME TAXES  |   |               |              |                                |                                     |
| Taxable Personal Income (Wages Only, and New Resident Household Income)              | \$30,912,386                                | \$177,322,174 | \$66,209,191 | \$274,443,751                  | \$52,805,325                        |
| Taxable Corporate Profits  | \$13,866,542                                | \$68,593,083  | \$59,240,358 | \$141,699,983                  | \$11,214,000                        |
| Personal Taxes Paid  | \$1,576,532                                 | \$9,043,431   | \$3,376,669  | \$13,996,631                   | \$2,693,072                         |
| Corporate Taxes Paid   | \$610,128                                   | \$3,018,096   | \$2,606,576  | \$6,234,799                    | \$493,416                           |
| TOTAL STATE INCOME TAXES   | \$2,186,660                                 | \$12,061,527  | \$5,983,245  | \$20,231,431                   | \$3,186,488                         |
| 3. STATE GROSS EXCISE TAX  |   |               |              |                                |                                     |
| Taxable Transactions   |   |               |              |                                |                                     |
| Construction Contracts   | \$75,011,905                                | \$213,988,095 | \$35,166,667 | \$324,166,667                  |                                     |
| Disposable Income Purchases (% of Worker Wages and New Household Income)             | \$17,847,285                                | \$102,316,325 | \$35,638,070 | \$155,801,680                  | \$27,595,750                        |
| Total Taxable Transactions   | \$92,859,190                                | \$316,304,420 | \$70,804,737 | \$479,968,347                  | \$27,595,750                        |
| TOTAL STATE EXCISE TAX   | \$3,869,164                                 | \$13,179,456  | \$2,950,221  | \$19,998,841                   | \$1,149,832                         |
| Source: CBRE/Hallstrom Team  |   |               |              |                                |                                     |



TABLE D-4

| PUBLIC COST AND BENEFITS ASSESSMENT ASSOCIATED WITH THE PROPOSED PULELEHUA 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         |                                |                                     |
| INCLUDES ONLY THOSE REVENUES AND COSTS WHICH ARE "NEW" TO MAUI                       |   |              |              |                                |                                     |
| TOTAL GROSS PUBLIC REVENUES  |   |              |              |                                |                                     |
| To County of Maui (Item #1)  | \$1,964,792                                 | \$5,696,341  | \$2,133,763  | \$9,794,896                    | \$2,133,763                         |
| Adjustment for Other Proportional Taxes (1)  | 2.84  | 2.84         | 2.84         | 2.84                           | 2.84                                |
| Adjusted Maui County Revenues  | \$5,580,008                                 | \$16,177,608 | \$6,059,888  | \$27,817,504                   | \$6,059,888                         |
| Plus Impact Fees (2)   | \$6,000,000                                 | \$0          | \$0          | \$6,000,000                    |                                     |
| Total County of Maui Receipts  | \$11,580,008                                | \$16,177,608 | \$6,059,888  | \$33,817,504                   | \$6,059,888                         |
| To State (Items #2 & #3)   | \$6,055,823                                 | \$25,240,983 | \$8,933,466  | \$40,230,272                   | \$4,336,320                         |
| Adjustment for Other Proportional Taxes (3)  | 2.17  | 2.17         | 2.17         | 2.17                           | 2.17                                |
| Adjusted State Revenues  | \$13,141,137                                | \$54,772,933 | \$19,385,620 | \$87,299,690                   | \$9,409,814                         |
| Plus Impact Fees (4)   | \$1,748,400                                 | \$0          | \$0          | \$1,748,400                    |                                     |
| Total State of Hawaii Receipts   | \$14,889,537                                | \$54,772,933 | \$19,385,620 | \$89,048,090                   | \$9,409,814                         |
| AGGREGATE TAX REVENUES   | \$20,469,545                                | \$70,950,541 | \$25,445,508 | \$116,865,594                  | \$15,469,701                        |
| PUBLIC COSTS (Expenses)  |   |              |              |                                |                                     |
| By County of Maui  | \$599,026                                   | \$10,482,953 | \$4,141,414  | \$15,223,392                   | \$4,141,414                         |
| By State of Hawaii   | \$1,439,165                                 | \$25,185,382 | \$9,949,781  | \$36,574,328                   | \$9,949,781                         |
| TOTAL PUBLIC COSTS   | \$2,038,191                                 | \$35,668,335 | \$14,091,194 | \$51,797,720                   | \$14,091,194                        |
| TOTAL NET PUBLIC BENEFITS  |   |              |              |                                |                                     |
| County of Maui   | \$10,980,982                                | \$5,694,655  | \$1,918,474  | \$18,594,112                   | \$1,918,474                         |
| State of Hawaii  | \$13,450,372                                | \$29,587,550 | \$9,435,839  | \$52,473,762                   | (\$539,967)                         |
| AGGREGATE NET BENEFITS   | \$24,431,354                                | \$35,282,206 | \$11,354,314 | \$71,067,874                   | \$1,378,507                         |
| Source: CBRE/Hallstrom Team  |   |              |              |                                |                                     |

Addendum E

# QUALIFICATIONS

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

---

|   |   |   |
|---|---|---|
| <b>Business Affiliation</b>                         | Director  | The Hallstrom Team   CBRE, Inc.<br>Valuation & Advisory Services<br>Honolulu, Hawaii (2015 - Present) |
|   | Senior Analyst/<br>Supervisor   | The Hallstrom Group, Inc.<br>Honolulu, Hawaii (1980 - 2014)   |
|   | Former Staff Appraiser  | Davis-Baker Appraisal Co.<br>Avalon, Santa Catalina Island, California<br>(1977 -1979)                |
| <b>International Designation<br/>and Membership</b> | <ul style="list-style-type: none"><li>• CRE Designation (2015) - The Counselors of Real Estate</li><li>• FRICS Designation (2016)-Fellow of the Royal Institution of Chartered Surveyors</li></ul>  |   |
| <b>Education/Qualifications</b>                     | <ul style="list-style-type: none"><li>• California State University, Fullerton (Communications/Journalism)</li><li>• More than 600 Hawaii Hotel/Hospitality Valuation and Consulting Assignments</li><li>• More than 150 Market Studies, Economic Impact Analyses and Public Fiscal Assessments for Proposed Projects and Entitlement Purposes</li><li>• Qualified expert witness testimony before State of Hawaii Land Use Commission, County Planning Commissions, County Councils and various state and county boards and agencies since 1983.</li><li>• Only certified real estate economist by County of Kauai for workforce housing assessments.</li><li>• Numerous SREA, Appraisal Institute and RICS Courses</li><li>• Numerous professional seminars and clinics.</li><li>• Contributing author to Hawaii Real Estate Investor, Honolulu Star Bulletin, Pacific Business News, Other Publications</li></ul> <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> |   |
| <b>Recent Assignments</b>                           | <ul style="list-style-type: none"><li>• Market Study, Economic Impact Analyses and Public Costs/ Benefits (Fiscal Impact) Assessments</li></ul> <p><u>Oahu</u></p> <ul style="list-style-type: none"><li>-- OHA Kakaako Makai (Mixed-Use Project)</li><li>-- Howard Hughes/Ward Kewalo Basin (Retail Project)</li><li>-- Marriott Waikiki Parking Lot (Hotel/Timeshare Project)</li><li>-- Residence Inn Kapolei (Hotel)</li><li>-- Turtle Bay Resort (Destination Resort Community)</li><li>-- Waikapu Country Town (Mixed-Use Community)</li><li>-- Oahu Community Correctional Center Relocation</li><li>-- Oahu Tourism Spending/Tax Impact Analysis</li><li>-- Waikapu Country Town (Mixed-Use Community)</li></ul>  |   |



## Professional Qualifications of Thomas W. Holliday (continued)

---

### Maui County

- Waikapu Country Town (Mixed-Use Community)
- Lanai City Expansion (Mixed-Use/201H Community)
- Polanui Garden (201H Residential Community)
- Molokai Ranch Holdings (Mixed-Use)
- Makila Rural Subdivision (201H Residential Community)
- Makila Kai (201H Residential Community)
- 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)

### Big Island

- Parker Ranch Waimea Town Center (Mixed-Use)
- West Hawaii/Gold Coast Tourism & Hotel Analysis
- Puako Farms/Kamakoa (Residential Subdivision)
- Kau Tea Farm (Agricultural/Mixed-Use Project)
- 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)

### Kauai

- Princeville Lodge (Hotel)
- Princeville Phase II (Destination Resort Community)
- Hanalei Plantation Workforce Housing (Resort)
- Lima Ola (Residential Community)
- Coco Palms (Hotel)
- Sheraton Kauai Workforce Housing (Resort)
- Coconut Coast Tourism and Hotel Analysis
- 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)

## Professional Qualifications of Thomas W. Holliday (continued)

---

- 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**

[Tom.Holliday@cbre.com](mailto:Tom.Holliday@cbre.com)