

## 2018 — A Retrospective *And What's Ahead for Kapolei*

**A** quick review of 2018 activities in Kapolei shows an intriguing mix of growth, change and potential. It is after all, a region that is still a work in progress (Kapolei is just 28 years old), yet its unfolding story offers hints of an emerging personality as the state's second largest city. The fact of being the state's fastest growing region is no longer in question. What is fascinating is that aspects of this growth are quickly adding puzzle pieces to the picture of a future Kapolei. It can be seen across the board — in education, creative media, healthcare, housing, hospitality, retail and commercial, investments and infrastructure. To give you a sense of Kapolei's direction, we've selected a few noteworthy developments from 2018 to highlight here.



### **UH West O'ahu is fastest growing school of its type in US — here's why**

The University of Hawai'i - West O'ahu (UHWO) took two major steps to expand its programs and facilities in two disciplines: health sciences and creative media.

### **Administrative and Health Science building opens**

The \$32-million 44,000-square-foot dual function building opened on December 12, 2018, the first new structure on the campus since UHWO opened in 2012. As the name suggests, it now houses the university's administrative offices and the health sciences program. This facility allows the health sciences program to have its own dedicated space of 10 classrooms,

five laboratories, and faculty and instructional staff offices in its quest to help meet the critical shortage of healthcare workers in the Health Science sector in West O'ahu.

These workers account for 60 percent of all healthcare workers, and their shortage is greater than the shortfall of about 700 doctors for the entire state. It is even greater than the shortage of doctors and nurses combined. It is worth noting that healthcare is the fastest growing industry in West O'ahu. Classes in the new structure will begin in spring 2019.

### **Creative Media**

The dream is big — to make West O'ahu the state's creative hub — both for creative media training and production facilities for the state's film and media industries. And it is all starting to happen on the UHWO campus.



The first step is a soon-to-be-built \$33-million, 42,000-square-foot Creative Media Building on the UHWO campus, which will be the nexus for developing and incubating creative media talent statewide. Site work is now underway to prepare for construction on a timetable that depends on regulatory permit approvals.



The other part of the equation — production facilities for film and media — is also in the works. DBEDT Creative Industries Hawai'i's Request for Proposals (RFP) for a public-private partnership to develop a Creative Media Film Studio Complex on 30 acres adjacent to the UHWO campus has been drawing national and international interest. In a feasibility study to select a site for the studio complex, one advantage noted is the existing creative media workforce training at UHWO and other UH campuses. All of these programs will be linked at UHWO's Creative Media Building. DBEDT hopes to have the studio complex ready for business in 2025.

For the past two years, UH West O'ahu has been identified as the fastest-growing school of its type in the nation by the Chronicle of Higher Education's annual almanac. These are two examples of that growth.



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### Affordable housing is being built in Kapolei

Master-planned communities like the Villages of Kapolei, DR Horton's sold-out Mehana and the new Ho'opili project have from the outset included affordable housing units to prospective homebuyers. Now for the first time, there are exclusively affordable housing projects being built or planned in Kapolei that will help to address the need for affordable rentals in the area.

### City & County plans affordable rentals

Two parcels along Kapolei Parkway are earmarked for affordable rental projects. To date, The City & County issued RFPs for two lots in December, 2018 aimed at developers for up to 296 multi-family rentals at no more than 100 percent Area Median



income, with 10 percent targeted for households with incomes up to 80 percent AMI or less. The City has already met with interested developers and proposals are due March 25, 2019.

### Mixed-use Kulana Hale under construction

Construction is underway on the first phase of a mixed-use project with 297 affordable rentals for seniors and families, along with 32,000 square feet of retail space.

This first phase of Kulana Hale will be a 13-story tower with 154 affordable senior rentals and ground-floor retail space. This phase is the first of three components for a three-acre block bounded by Wakea, Waianani, Aloikea and Haumea streets in the urban core.

The second phase will be another 13-story tower with 143 affordable units for families, and the third phase will be a one-story retail building. The project is being developed by California-based Highridge Costa Cos, and Honolulu-based Coastal Rim Development.

### Retail is focused on the customer experience

Two of the three major shopping centers in Kapolei are in growth mode as they continue to build out their phased properties — Kapolei Commons and Ka Makana Ali'i. The third, Kapolei Shopping Center, holds its own in the central core as the first retail center in the new city with an enviable 100 percent occupancy rate and a loyal customer base. In the highly competitive retail sector, all these centers realize that in the ever-changing retail landscape, the number one trend that affects the success of the entire retail world is the customer experience. As a result, they must all differentiate

themselves from their competitors by giving their customers good reasons to return again and again. This is especially true for brick-and-mortar retail centers who must compete with online giants like Amazon. As we quoted in the 2018 *Kapolei Magazine* (Kapolei: The Changing Retail Landscape), KPMG Global said: "Despite the notion of the demise of brick-and-mortar stores, physical retail isn't actually dead, but boring retail is."

"Put simply, stores that are doing well offer a customer experience that meets or exceeds customer expectations (and) customers will shop where they enjoy their experience."

All three centers are ramping up their customer experience efforts. Kapolei Shopping Center is building on its slate of family events and holiday celebrations, as well as cultivating generational relationships with their customers.

### A first for Kapolei: Two car dealerships and a car wash

Kapolei residents will soon have two car dealerships closer to home. Owners of the dealerships closed the deal on lots for two dealerships in the 13.78-acre Mokulani at Kapolei — the boat-shaped parcel across from Wet 'n' Wild Hawaii on Farrington Highway. The owner of Flagship FastLube also plans to build a large car-wash facility on the same site, which will wash between 1,000 and 1,500 cars per day.



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### Urban-style hospitality

Outside of Ko Olina Resort, non-resort full-service hotels in the city of Kapolei are drawing a different demographic with great success. Hampton Inn & Suites by Hilton at Ka Makani Ali'i shopping center and Embassy Suites by Hilton in the urban core are appealing mainly to business travelers, kama'aina and budget leisure travelers. A third, Residence Inn by Marriott is now under construction, also in the heart of the city, with a scheduled late summer 2019 opening.

### Embassy Suites had a great year

Opened just over a year ago at the corner of Fort Barrette Road and Kapolei Parkway, Embassy Suites by Hilton has had a stellar year — exceeding the projected number of guests by 15 percent for the year overall, and is on target to hit 18 percent this month. The hotel has posted an average occupancy rate in the mid-80s well into the new year.

While corporate, government and military travelers make up the bulk of the business, the hotel is seeing an increase in the leisure market. General Manager Reid Yoshida said that West O'ahu is doing well as a visitor destination, appealing to people who want to get away from the hustle and bustle of Waikiki, and who are looking for a more personal and intimate experience. He attributes the hotel's success to a team that showcases a genuine aloha spirit in all their guest interactions.



### Notable Investments

Investors are still being attracted by Kapolei's potential. Two investments are examples of this.

### Kapolei Lofts

Kapolei Lofts is notable for being the first new rental apartment complex built on O'ahu over four decades, and the first of its kind in the city of Kapolei. The 499-apartment, master-planned community complex was developed by Forest City Realty Trust, with James Campbell Company as a lead investor, and was recently acquired from Forest City by Blackstone Group, a New York-based investment company.



### Kapolei West

China Oceanwide Holdings Ltd., a Beijing, China-based global company purchased Kapolei West from Kapolei Properties Division (KPD). This shovel-ready, fully zoned property is being developed by Oceanwide Resort Hawaii as a master-planned mixed-use residential and commercial community. In 2018, \$23 million was invested in infrastructure improvements by KPD and China Oceanwide that includes construction of regional roadways and drainage infrastructure.

### Industrial growth gets a big boost

Location, location, location. Yes, Kapolei is still the best place for industrial growth. But it needs good infrastructure (roads, in this case) to make sure there's convenient access to support an industrial boom. Kapolei has three major public/private infrastructure projects (two completed and one still in progress) that will greatly advance this boom.

### Kalaeloa Boulevard and Wastewater Pump Station

This \$50-million roadway improvement project was finally completed for dedication to the City and County of Honolulu. Funded by the Kapolei Property Division (KPD) of the James Campbell Company, the upgraded Kalaeloa Boulevard now gives more than 40,000 vehicles faster

access to the Campbell Industrial Park, Kapolei Business Park and Kalaeloa Harbor. Meanwhile, the wastewater project supports existing and planned development in the area.

### Harbor Access Road

KPD also funded (\$11 million) and built the first segment of the state's Harbor Access Road highway. It runs between the Kapolei Interchange Phase 3 (to be constructed by the Department of Transportation) and the Kapolei Parkway intersection.

### Kapolei Interchange Phase 2

This federally funded project is designed to give drivers faster access from H-1 Freeway to Kapolei's urban core. Phase 2 is scheduled to be completed in spring 2019. After that, Phases 3 and 4 will add more entrances and exists at the Palailai Interchange. When completed, the Interchange project will balance traffic distribution and ease traffic flow by linking major roadways throughout the region. The project was partially funded by KPD who provided \$6 million in land, design and construction funds to jump-start the project.

For a more in-depth look at Kapolei's progress during 2018, we suggest the recently published 2018 *Kapolei Magazine*, which you can check out at [kapolei.com](http://kapolei.com).



The Kapolei Properties Division of the James Campbell Company LLC is focusing on the development of the City of Kapolei, and on economic development and job creation in the Kapolei region.

FOR MORE INFORMATION ON KAPOLEI, PLEASE VISIT: [www.kapolei.com](http://www.kapolei.com) or contact Steve Kelly at [stevk@kapolei.com](mailto:stevk@kapolei.com)

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