

# Investment Opportunity | Halekuai Center

563-565 FARRINGTON HIGHWAY, KAPOLEI, HI 96707

## Recent Major Price Reduction!

- Competitive assumable financing
- 2023 Projected Cap Rate - 8.44%
- 2023 Projected Cash on Cash - 10.20%
- Submarket Vacancy - 3%

Skip Rotticci, CCIM  
503.972.7284  
skip@macadamforbes.com  
Licensed in OR

Christine Camp  
808.587.7770  
Cc@avalonhi.com  
Licensed in HI

Duke Hashimoto  
808.587.7770  
Duke@avalonhi.com  
Licensed in HI



## FOR SALE



2 Centerpointe Drive, Suite 500 | Lake Oswego, OR 97035 | [WWW.MACADAMFORBES.COM](http://WWW.MACADAMFORBES.COM) | 503.227.2500

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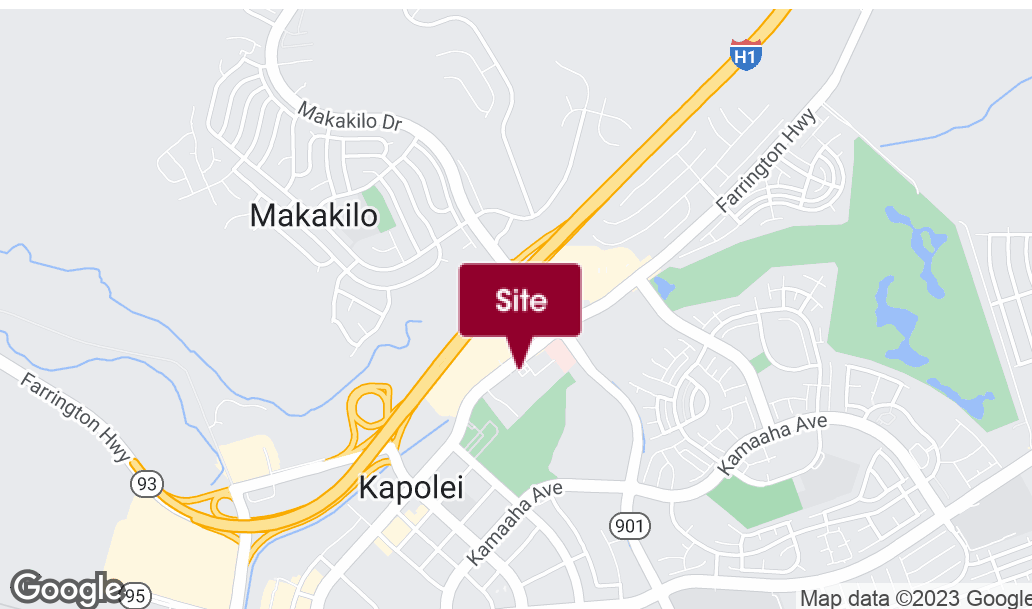


## PROPERTY DESCRIPTION

Halekuai Center is located at 563-565 Farrington Highway in the city of Kapolei, Hawaii. Built in the year 2001, Halekuai Center is based in an affluent retail trade area with high-income residents and is in close proximity to national tenants such as Walmart, Costco, Home Depot, and Target. Halekuai Center is a two-story, 4-star retail center sprawling over 28,885 square feet just opposite of the Kapolei Shopping Center and Kapolei Marketplace anchored by Safeway Supermarket, all creating strong co-tenant synergy.

## PROPERTY HIGHLIGHTS

- 2023 Projected Net Operating Income: \$1,244,997
- 2023 Projected Cash on Cash Return: 10.20%
- 2023 Projected Cap Rate: 8.44%
- \$9+MM in competitive assumable financing
- Interest Rate at 4.82%
- 3 years remaining on term
- 1% assumption fee
- High quality, well-maintained construction
- Excellent "First and Main" location
- Located on major bus line with frequent stops
- Close proximity to national tenants



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## OFFERING SUMMARY

Sale Price:	\$15,000,000
Number of Units:	20
Lot Size:	87,000 SF
Building Size:	28,885 SF
NOI:	\$1,039,732.00
2022 Actual Cap Rate:	6.93%
2023 Budget Cap Rate:	8.44%



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## BUILDING INFORMATION

Building Size	28,885 SF
NOI	\$1,039,732.00
2022 Actual Cap Rate	6.93
Building Class	B
Occupancy %	95.0%
Tenancy	Multiple
Ceiling Height	13 ft
Minimum Ceiling Height	10 ft
Number of Floors	2
Year Built	2001



## PROPERTY INFORMATION

Property Type	Retail
Property Subtype	Strip Center
Zoning	BMX-3 Community Business District
Lot Size	87,000 SF
APN #	1-9-1-106-004-0000
Lot Frontage	140 ft
Corner Property	Yes
Traffic Count	115733
Traffic Count Street	31324
Traffic Count Frontage	31324
Amenities	Bus stop, air conditioning, 24 hour access
Power	Yes

## PARKING & TRANSPORTATION

Parking Type	Surface
Parking Ratio	3.6
Number of Parking Spaces	97

## UTILITIES & AMENITIES

Security Guard	Yes
Handicap Access	Yes
Elevators	1
Number of Elevators	1



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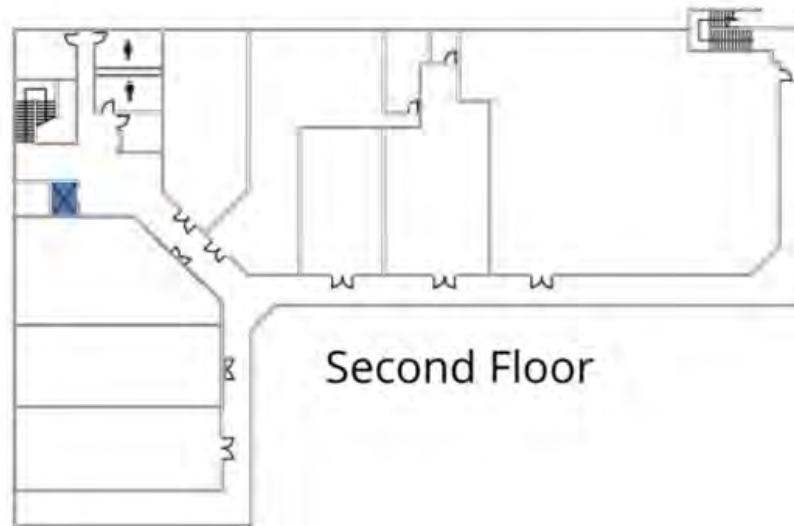
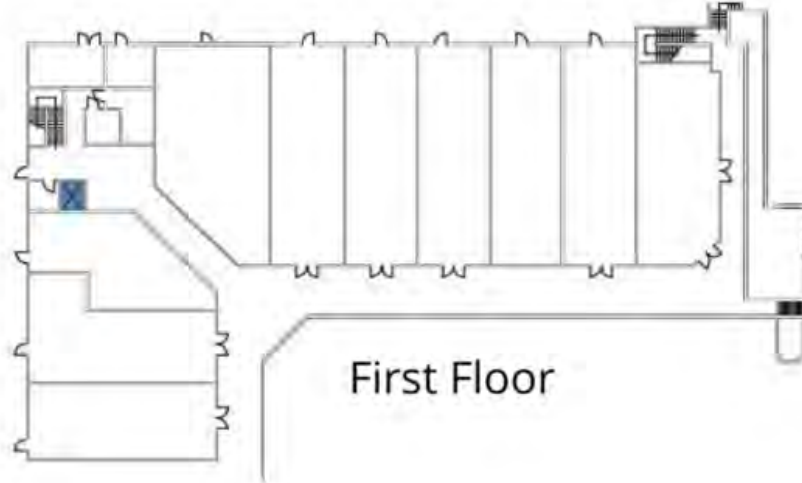
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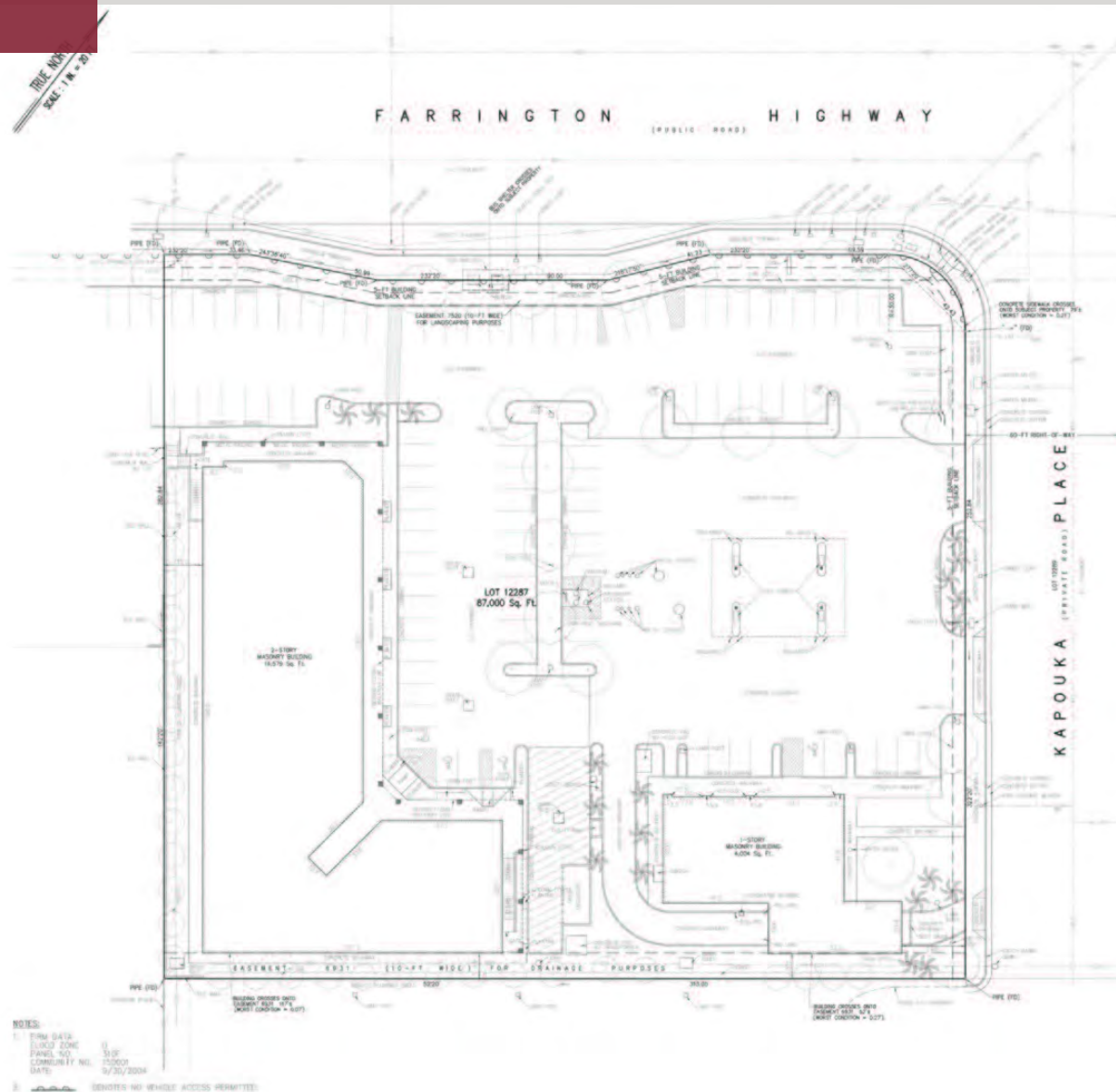
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- ALTA/ACSM Land Title Survey Lot 12287, Land Court Application 1069
- Walter P. Thompson, Inc.



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## TEXACO

**Public/Private: Public (NYSE: CVX)**  
**Website: [texaco.com](http://texaco.com)**

Texaco Corporation is an American multinational energy corporation. Texaco is one of the world's leading integrated energy companies. Texaco Corporation, through its subsidiaries, is engaged in petroleum, chemicals, mining, power generation, and energy operations worldwide. Texaco is involved in coal and molybdenum mining operations; cash management and debt financing activities; insurance operations; real estate activities; energy services, and alternative fuels and technology businesses. The company owns or has stakes in 8,090 gas stations in the US (8,700 outside the US) that operate mainly under the Chevron and Texaco brands. Texaco also owns 50% of chemicals that concern Chevron Phillips Chemical.

## ANYTIME FITNESS

**FitnessPublic/Private: Private**  
**Website: [anytimefitness.com](http://anytimefitness.com)**

Anytime Fitness is a 24-hour health and fitness club. The company operates over 2,400 franchised locations in 19 countries. Anytime Fitness was founded by Jeff Klinger, Dave Mortensen, and Chuck Runyon in 2002. Anytime Fitness headquarters are in Hastings, Minnesota. To the general public, the company offers memberships to boutique fitness centers. Open 24 hours a day, 365 days a year. Anytime Fitness prides itself on providing its members with convenient fitness options and friendly, personal service in well-maintained facilities which feature top-quality exercise equipment. All franchised gyms are individually opened and operated.



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**Leased Premises:**

Texaco Station

**Square Footage:**

Convenience Store/Car Wash-4004 square feet Pad- 30,650 square feet

**Effective/Execution Date:**

July 15, 2000

**Commencement Date:**

180 days after Subleased premises are ready for occupancy- Assumed Commencement Date January 15, 2001- First Rental Period 1/15/2001-1/14/2006.

**Rent Commencement Date:**

18 months following the Effective Date- October 14, 2002.

**Expiration Date:**

January 14, 2031

**Security Deposit:**

\$0.00

**Renewal Option:**

Four 5-year options to renew the lease with minimum 120 days maximum 360 days prior written notice. Rate to be by agreement or appraisal.

**Holdover:**

Should Tenant remain in the premises after the expiration of the lease, tenancy becomes month to month and the rate shall be double the amount of rent at expiration.

**Operating Costs:**

Property Taxes Land pro rata share of land area, Utilities. Common areas not including Retail building interior and exterior areas. 2021 flat rate \$1,648.22 per month increasing by 5% each year thereafter for the term.

**Operating Cost Share:**

Per original lease document. First year \$700.00 per month increasing at the rate of 5% every year thereafter for the term of the lease. 2021 current CAM rate \$1,648.00 per month

**Use:**

Service Station/Car Wash/Convenience Store

**Assignment & Subletting:**

Assignment and Subletting only with Sublessor's written consent.

## Base Rent

From	To	Monthly
1-15-2001	1-14-2006	\$9,500.00
1-15-2006	1-14-2011	\$10,925.00
1-15-2011	1-14-2016	\$12,563.75
1-15-2016	1-14-2021	\$14,448.31
1-15-2021	1-14-2026	\$20,582.73
1-15-2026	1-14-2031	\$23,582.74



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**Leased Premises:**

Suite 201

\*As per 2019 Amendment tenant has 5 assigned parking spaces as long as they are not in default of the terms of the lease.

**Square Footage:**

4,500 Square Feet

**Commencement Date:**

January 10, 2014

**Expiration Date:**

January 31, 2029

**Security Deposit:**

\$10,387.69

**Renewal Option:**

One five year. Option rent at \$10,890.00 per month. Notice given 360 days prior to expiration.

**Operating Costs:**

The rental structure is triple net (NNN) with taxes, insurance, and maintenance paid as separate line item expense. 17.47% of Building expenses, and 5.17% of all other expenses. Controllable costs capped at 3% increases annually. No cap on ground rent, property taxes, insurance premiums, and utilities.

**Holdover:**

Should Tenant remain in the premises after the expiration of the lease, the new rent shall be 150% of the then current rent.

**Operating Cost Share:**

Per original lease document. Lease states 17.47% building expenses, 5.17% of all other common area expenses.

**Use:**

Gym, Fitness studio, personal training.

**Assignment & Subletting:**

Tenant may transfer all or part of its interest to the following types of entities without prior consent of the Landlord: an affiliate of Tenant, any business which is consolidated or merged with Tenant, any business entity that is acquired.

## Base Rent

From	To	Monthly
6-1-2019	11-30-2019	\$0.00
12-1-2019	7-31-2024	\$9,000.00
8-1-2024	7-31-2029	\$9,900.00
8-1-2029	7-31-2034	\$10,890.00



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INVESTMENT OVERVIEW	2022 ACTUALS	2023 PRO FORMA BUDGET
Price	\$15,000,000	\$15,000,000
Price per SF	\$554	\$554
Price per Unit	\$800,000	\$800,000
GRM	13.24	13.12
CAP Rate	6.50%	7.78%
Cash-on-Cash Return (yr 1)	5.52%	8.46%
Total Return (yr 1)	\$544,316	\$749,581
Debt Coverage Ratio	1.59	1.91
OPERATING DATA	2022 ACTUALS	2023 PRO FORMA BUDGET
Gross Scheduled Income	\$1,208,646	\$1,219,903
Other Income	\$920,627	\$1,133,006
Total Scheduled Income	\$2,129,273	\$2,352,909
Vacancy Cost	-	-\$12,199
Gross Income	\$2,129,273	\$2,365,108
Operating Expenses	\$1,089,539	\$1,120,111
Net Operating Income	\$1,039,732	\$1,244,997
Pre-Tax Cash Flow	\$386,595	\$591,860
FINANCING DATA	2022 ACTUALS	2023 PRO FORMA BUDGET
Down Payment	\$7,000,000	\$7,000,000
Loan Amount	\$9,000,000	\$9,000,000
Debt Service	\$653,137	\$653,137
Debt Service Monthly	\$54,428	\$54,428
Principal Reduction (yr 1)	\$157,721	\$157,721



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SUITE	TENANT NAME	SIZE SF	% OF BUILDING	MONTHLY RENT	LEASE START	LEASE END
101	Sacred Art Tattoo Cafe	1,375 SF	4.76%	\$6,188	11/1/2022	12/31/2028
101A	Hanks Tax Service	1,278 SF	4.42%	\$5,250	12/15/2022	12/31/2023
101B	My Cafe	1,116 SF	3.86%	\$5,022	1/1/2020	12/31/2027
102	Vacant	1,444 SF	5%	-	N/A	N/A
103	Thai Lao	1,200 SF	4.15%	\$6,072	4/1/2020	5/1/2023
104	Pinoy's Best Sisters Cafe	1,281 SF	4.43%	\$4,484	4/23/2020	6/30/2027
105	GEICO	1,658 SF	5.74%	\$6,226	2/1/2020	10/1/2023
106	US Marines	937 SF	3.24%	\$7,990	7/21/2009	07/21/2024
107	The Barbershop	1,512 SF	5.23%	\$6,290	3/1/2021	5/31/2026
108	Tiffany's Nails	997 SF	3.45%	\$6,831	9/1/2016	8/31/2026
201	Anytime Fitness	4,500 SF	15.58%	\$8,595	6/1/2021	7/31/2029
202	Thai Aroma Massage Therrapy	1,300 SF	4.50%	\$4,238	6/1/2021	5/31/2026
202A	Kapolei Karaoke	1,660 SF	5.75%	\$5,705	2/1/2020	1/31/2027
203	Kapolei Karaoke	780 SF	2.70%	-	2/1/2020	1/31/2027
205	Family Vision	1,226 SF	4.24%	\$3,448	5/1/2020	9/30/3037
206	Dental Perfections	1,175 SF	4.07%	\$3,370	5/1/2020	9/30/3037
207	Vacant	1,001 SF	3.47%	-	N/A	N/A
208	Kapolei Karaoke VR	970 SF	3.36%	\$2,490	5/1/2023	7/30/2028
Texaco Pad	IES - Texaco	3,130 SF	10.84%	\$20,583	1/15/2001	1/14/2041
Trash Pad	Honolulu Disposal Serv.	1 SF	-	\$1,000	8/1/2021	7/31/2023
<b>TOTALS</b>		<b>28,541 SF</b>	<b>98.79%</b>	<b>\$103,779</b>		



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## LOCATION DESCRIPTION

Kapolei is located on Oahu's south shore, about 25 miles (40 km) west of downtown Honolulu. In the past, the land where Kapolei is now located was agricultural land, used for sugarcane and pineapple production. Today, Kapolei is rapidly growing and already has a population of 15,186 and a median age of 34. Jobs are expected to double in the next 20 years. The town is being developed as an urban center, second to Honolulu. The population is projected to increase by nearly 64% over the next two decades. In fact, much of the island's growth is occurring in the Ewa Plain and the area around Kapolei.

## LOCATION DETAILS

Market	Honolulu
Sub Market	West Oahu
County	Honolulu
Road Type	Paved
Market Type	Large
Nearest Highway	Farrington
Nearest Airport	Honolulu International



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## POPULATION

	1 MILE	2 MILES	3 MILES
Total Population	18,889	40,402	55,214
Average Age	35.2	34.9	34.6
Average Age (Male)	33.5	33.7	33.3
Average Age (Female)	34.9	34.6	34.8

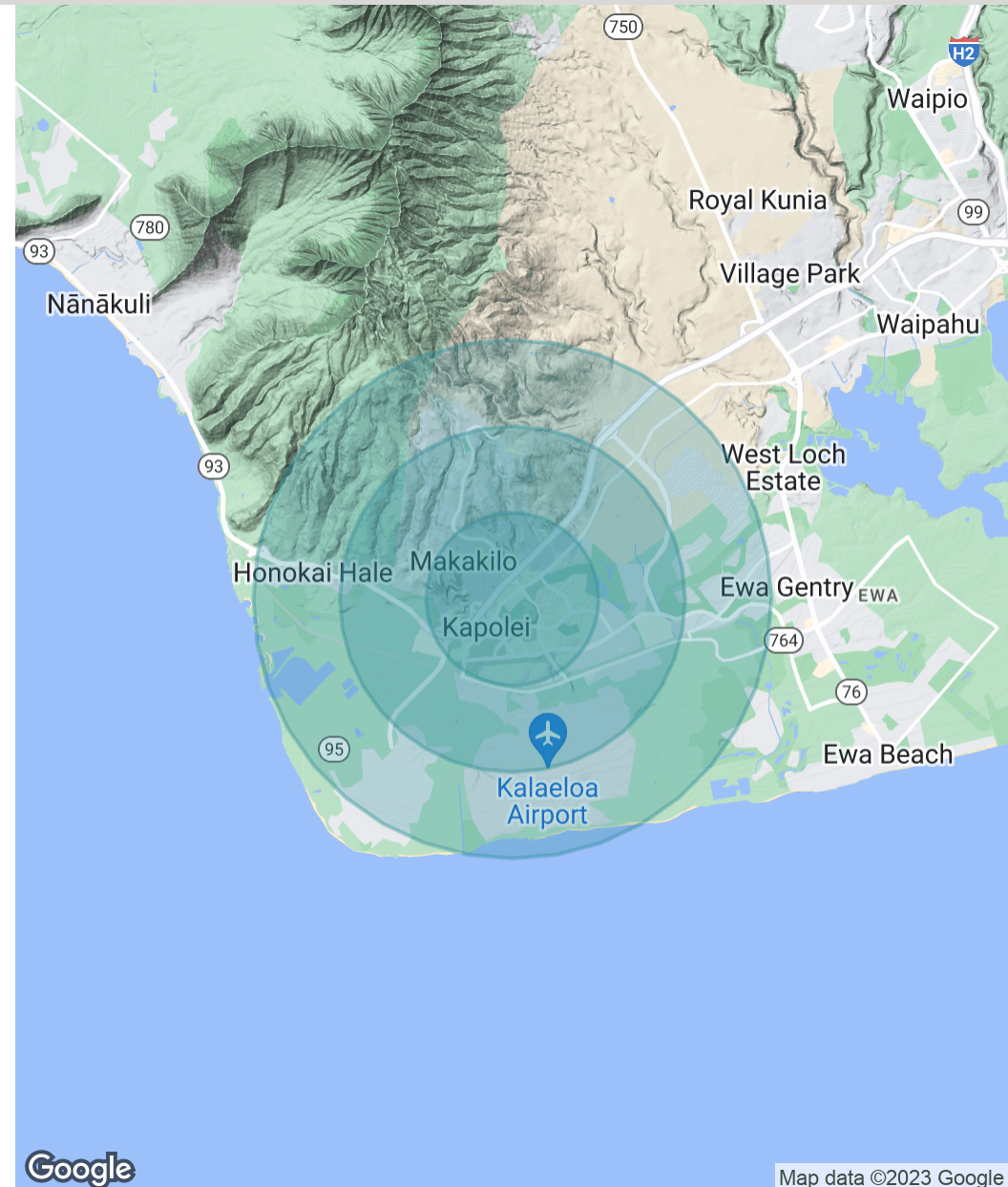
## HOUSEHOLDS & INCOME

	1 MILE	2 MILES	3 MILES
Total Households	5,602	12,154	17,222
# of Persons per HH	3.4	3.3	3.2
Average HH Income	\$122,433	\$122,715	\$115,689
Average House Value	\$566,126	\$563,625	\$567,912

\* Demographic data derived from 2020 ACS - US Census

## BUSINESS & EMPLOYMENT

	1 MILE	2 MILE	3 MILE
Total Business	441	858	1,371
Total Employees	5,126	10,240	22,420



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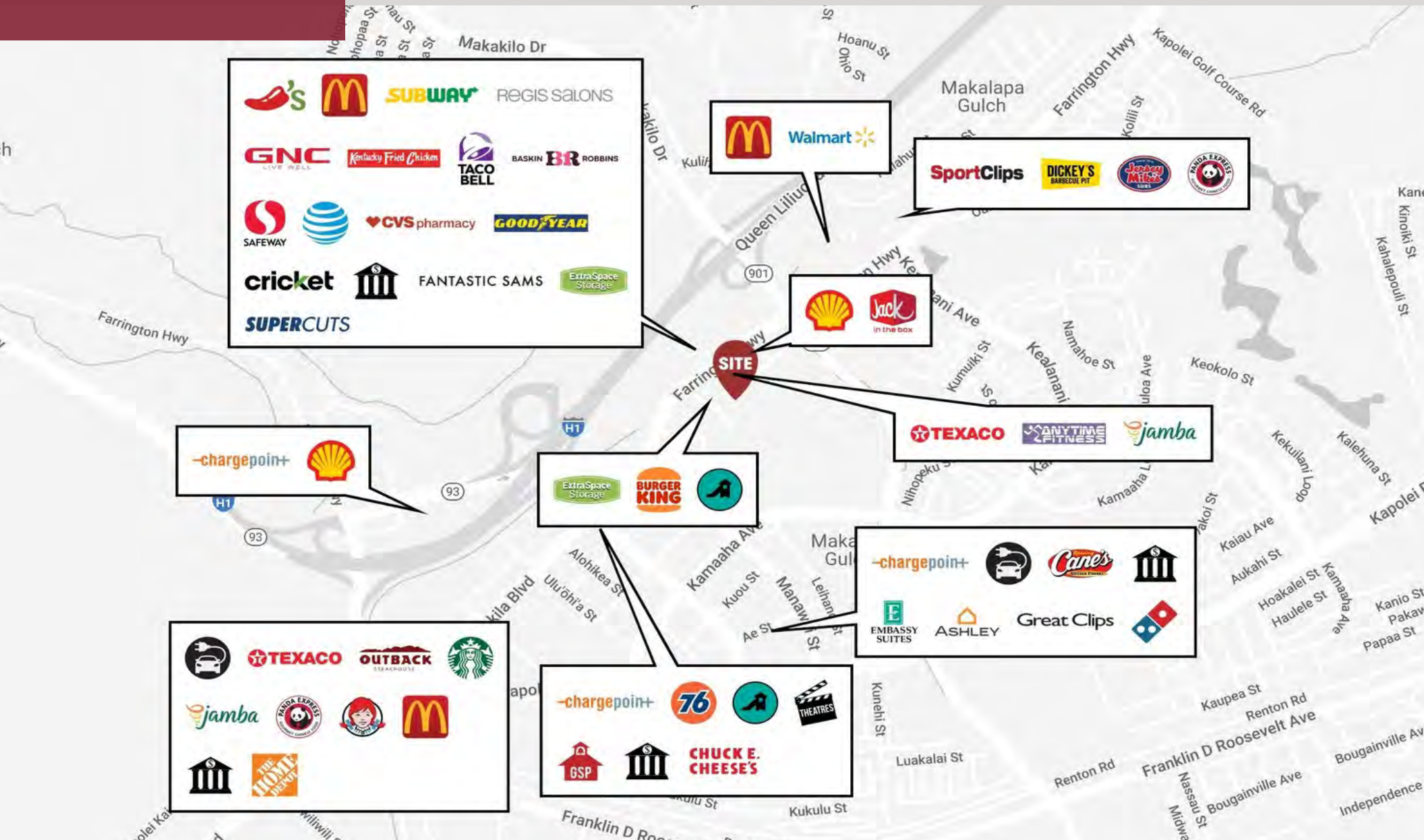
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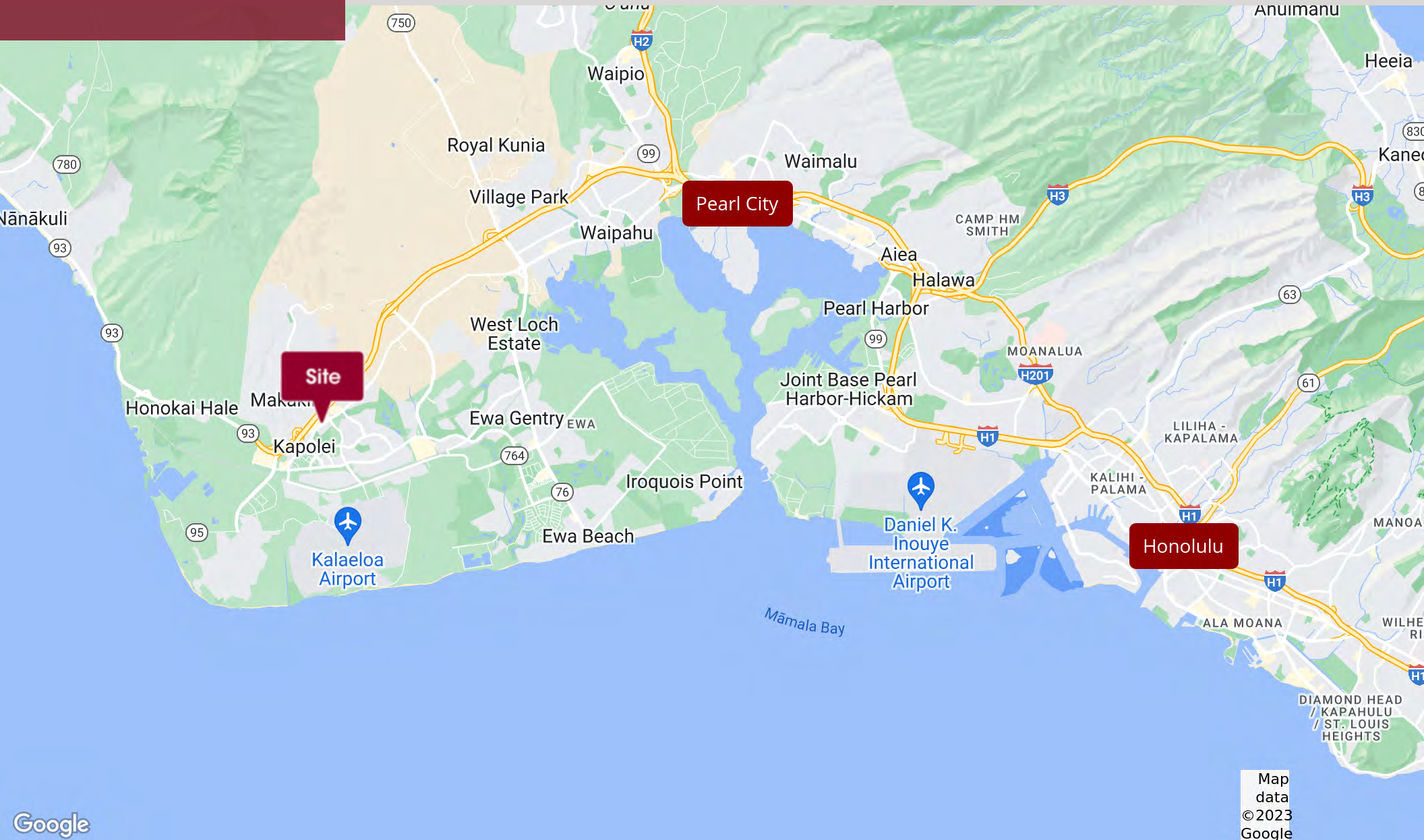
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## HONOLULU MARKET OVERVIEW

Honolulu, located on the southern coast of Oahu in Hawaii, is the state's largest, best-known, and capital city. The Hawaiian Islands were first discovered by British captain James Cook in 1778 and annexed as a US territory by President McKinley in 1898. The capital of the Kingdom of Hawaii since 1845, Honolulu became the commercial hub of the Pacific and a strategic military center thanks to its geography (Honolulu in Hawaiian means "sheltered bay"). In the early 1900s, the US Navy established a Pacific headquarters at Honolulu's Pearl Harbor; Japan's bombing of Pearl Harbor in 1941 brought the US into World War II. The US Army soon built Schofield Barracks in the mountains of Central Oahu. After the War, these bases expanded, making the military an important part of the city's economy.

POPULATION	1 MI	2 MI	3 MI
Current	51,329	136,038	219,139
5 Year	50,946	132,936	213,521
Median Age	43.8	44.1	42.3
Bachelor's Degree	24.0%	24.9%	23.8%

HOUSEHOLDS	1 MI	2 MI	3 MI
Current	24,158	59,317	89,603
5 Year	24,157	58,160	87,492
Median Household Income	\$67,781	\$71,117	\$74,072

BUSINESS & EMPLOYMENT	1 MI	2 MI	3 MI
Total Business	5,834	10,794	13,961
Total Employees	89,831	151,015	194,954
Unemployment Rate – 3.8% as of Nov. 2022			



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