Exceptional Fee Simple Property within walking distance to Hawaii Convention Center and Ala Moana Shopping Center in Honolulu, Hi

Fantastic Opportunity to build the first new hotel walking distance to the Convention Center area in more than half a century

Location, Location, Location!

Executive Summary

435 Atkinson Drive is a premier hotel development site located in a Transit-Oriented Development (TOD) Zone adjacent to Ala Moana Shopping Center, the Hawaii Convention Center, and steps from the beach.

The property is located within a Commercial Business Mixed Use (BMX-3) Zone, the highest mixed-use density in the Ala Moana Special District outside of the Kapiolani Subdistrict. PG. 14

Source: https://www.honolulu.gov/tod/neighborhoods/ala-moana.html.

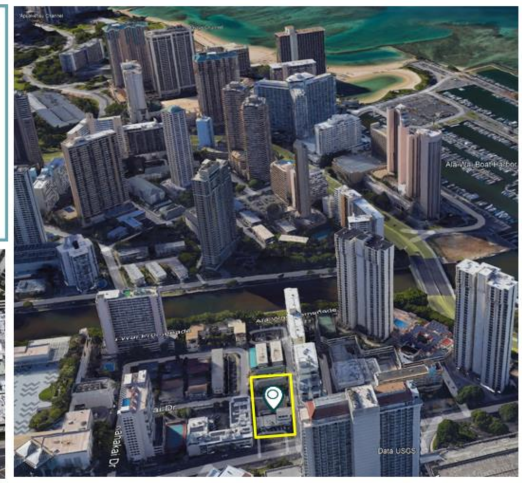
The current market indicators and economics are compelling to purchase the land and build a new hotel in Honolulu, HI. Hawaii has rebounded from the pandemic despite the lack of convention and Asian travelers (who is expected to return in the fall of 2022). The hotel occupancy rate in March of 2022 was the fifth best among the nation's top tourism markets and No.1 in RevPar and ADR. In addition, Honolulu is starved for a new product. There hasn't been a new hotel built within walking distance to the Convention Center in 50 years, and Maui County passed a two-year MORATORIUM on permits for new hotels, timeshares, and vacation rentals, making Honolulu the best alternative to build.

Property Highlights

- *Rare fee simple hotel development opportunity within Transit Oriented Development Plan*
- *High barrier to entry market*
- *Potential to attract business and convention travelers*
- *Strong demographics*

Property Summary

- **Address's:** 435 Atkinson Drive, 1920 Kahakai Drive & 1926 Kahakai Drive, Honolulu, HI 96814
- **TMK's**: 1-2-3-36-13, 14 & 35
- **Tenure**: Fee Simple
- **Land Area**: 23,629 +/- SF.
- **Existing Buildings**: 10,999 +/- SF. (spread throughout 3 structures. 18 residential apartments and 5 commercial units)
- **Dimensions**: 100 FT wide x 237 FT deep
- **Zoning**: BMX-3 (under TOD)
- **FAR**: 7.0 FAR (under TOD)
- **Height Limit:** 350 FT.



Fee Simple Land

While most hotels are on leased lands in greater Waikiki, this opportunity includes 23,629 sq. ft. of fee simple land, which is hard to find in this size and in this location.

Facilities Program

297		Rooms
118,819	71.84%	Total Guest Rooms
24,871	15.04%	Total Guest Room Support/Circulation
12,382	7.49%	Total Public Space
9,331	5.64%	Total Back of House
165,403	100.00%	Total Gross Building Area
557		Total Sq/ft/room
165,403	69.13%	Total Gross Building Area
73,850	30.87%	Parking Deck for 98 cars
239,253	100.00%	Gross Project Area

Source and Application of Funds/Contingencies

	Hotel	Percentages	Per Room
SOURCES			
DEBT	$87,000,000	65%	$292,929
EQUITY	$46,000,000	35%	$154,882
TOTAL SOURCES	$133,000,000	100%	$447,811
APPLICATIONS			
HARD COSTS	$85,802,630	65%	$288,898
SOFT COSTS	$13,737,206	10%	$46,253
FF&E	$7,327,664	6%	$24,672
FINANCING	$8,132,500	6%	$27,382
LAND	$18,000,000	14%	$60,606
TOTAL APPLICATIONS	$133,000,000	100%	$447,811
CONTINGENCIES INCLUDED ABOVE	$7,796,462	6%	$26,251

GENESIS HOTEL DEVELOPMENT LLC.

The landowners have retained Genesis Hotel Development LLC, www.hoteldevelop.com an international hospitality and development company, whose principal co-developed and owned some of Hawaii's finest hotels, to prepare these financials, which it deems to be reasonable based on conditions today, the hotel being a Springhill Suites by Marriott and information provided by sources it deems credible.

Genesis's analyses are for a limited-service hotel, such as Springhill Suites by Marriott, which it considers appropriate for this site.

Operating Statement/Financial Returns

	SPRINGHILL SUITES BY MARRIOTT						GENESIS HOTEL DEVELOPMENT LLC.	
6/4/2022	**Net Operating Income 2025-2028**							
Operating Year	**1**		**2**		**3**		**4**	
Calendar Year	**2025**		**2026**		**2027**		**2028**	
Available Room Nights per Year - 297 rooms	108,405		108,405		108,405		108,702	
Occupancy Factor	75%		87.0%		87.0%		87.0%	
Occupied Room Nights	81,304		94,312		94,312		94,571	
ADR Net of TAT	$233.84		$244.60		$256.83		$269.67	
REVPAR	$175.38		$212.80		$223.44		$234.61	
Revenues								
Rooms Revenues - nic TAT	19,012,400	90.8%	23,068,700	89.7%	$ 24,222,100	89.8%	$ 25,503,100	89.8%
Food and Beverage - Lobby Bar	910,600	4.4%	1,103,800	4.3%	1,153,500	4.3%	1,208,700	4.3%
Food and Beverage - Pool Bar	402,500	1.9%	487,900	1.9%	509,800	1.9%	534,200	1.9%
Telecommunications								
Valet Parking Garage Rental - Net	212,914	1.0%	238,415	0.9%	241,500	0.9%	253,600	0.9%
Lobby Commercial Rentals & Concessions - Net	390,300	1.9%	807,400	3.1%	847,800	3.1%	892,600	3.1%
Total	20,928,714	100.0%	25,706,215	100.0%	$ 26,974,700	100.0%	$ 28,392,200	100.0%
Departmental Costs					4614		4765	
Rooms	3,861,900	20.3%	4,479,800	19.4%	$ 4,614,200	19.0%	$ 4,765,700	18.7%
Food and Beverage - Lobby Bar	409,800	45.0%	463,600	42.0%	472,900	41.0%	495,600	41.0%
Food and Beverage - Pool Bar	185,200	46.0%	209,800	43.0%	214,100	42.0%	224,400	42.0%
Telecommunications	65,043		71,677		73,563		76,603	
Valet Parking Garage Rental	-		-		-		-	
Free Breakfast Buffet - Morning Coffee	101,630		122,606		127,510		132,974	
Total Departmental Costs	4,623,573	22.1%	5,347,483	20.8%	$ 5,502,273	20.4%	$ 5,695,277	20.1%
Departmental Income	16,305,141	77.9%	20,358,732	79.2%	$ 21,472,427	79.6%	$ 22,696,923	79.9%
Undistributed Costs								
General & Administrative - Salaries & Wages	1,046,400	5.0%	1,221,000	4.7%	$ 1,240,800	4.6%	$ 1,306,000	4.6%
Marketing	2,051,000	9.8%	2,365,000	9.2%	$ 2,427,700	9.0%	$ 2,555,300	9.0%
Franchise Fees	627,900	3.0%	771,200	3.0%	$ 809,200	3.0%	$ 851,800	3.0%
Property Operations and Maintenance	879,000	4.2%	1,028,200	4.0%	$ 1,079,000	4.0%	$ 1,135,700	4.0%
Utility Costs	899,900	4.3%	1,041,100	4.0%	$ 1,070,900	4.0%	$ 1,127,200	4.0%
Total Undistributed Costs	5,504,200	26.3%	6,426,500	25.0%	$ 6,627,600	24.6%	$ 6,976,000	24.6%
Net Income Before Fixed Charges	10,800,941	51.6%	13,932,232	54.2%	$ 14,844,827	55.0%	$ 15,720,923	55.4%
Fixed Charges								
Property Taxes	899,900	4.3%	1,105,400	4.3%	$ 1,132,900	4.2%	$ 1,192,500	4.2%
Management Fees Basic & Incentive	1,046,400	5.0%	1,285,300	5.0%	1,348,700	5.0%	1,419,600	5.0%
Insurance	251,100	1.2%	282,800	1.1%	269,700	1.0%	283,900	1.0%
Total Fixed Charges	2,197,400	10.5%	2,673,500	10.4%	$ 2,751,300	10.2%	$ 2,896,000	10.2%
Net Income After Fixed Charges (EBITDA)	8,603,541	41.1%	11,258,732	43.8%	$ 12,093,527	44.8%	$ 12,824,923	45.2%
Deduct								
FF&E Replacements/Reserve	209,300	1.0%	514,100	2.0%	$ 809,200	3.0%	$ 1,135,700	4.0%
Net Operating Income Before Debt Service	8,394,241	40.1%	10,744,632	41.8%	$ 11,284,327	41.8%	$ 11,689,223	41.2%
Leveraged								
Avg Cash on Cash Returns **$46,000,000**	**Years 1-7**	**12%**						
IRR **Assuming Sale in Yr 7 @ Cap Rate o**	**7.00%**	**21%**						

Total Costs

1. CONSTRUCTION			
DIRECT AND			
INDIRECT	$85,802,630	$288,898	65%
2. ARCHITECTURE, ENGINEERING, DESIGN AND TECHNICAL SERVICES	$6,269,537	$21,110	5%
& PERMITS AND FEES			
3. FURNITURE, FIXTURES AND EQUIPMENT	$7,327,664	$24,672	6%
4. PROPERTY EXPENSES	$482,625		0%
5. PROJECT MANAGEMENT AND PROFESSIONAL SERVICES	$3,500,092	$11,785	3%
INCLUDING DEVELOPER AND CONSTRUCTION MANAGEMENT FEES			
6. PRE-OPENING AND OPENING EXPENSES	$1,247,400	$4,200	1%
7. FINANCING	$8,132,500	$27,382	6%
8. SUBTOTAL INCLUDING CONTINGENCY	$112,762,448	$379,672	85%
9. CASH FLOW SHORT FALL RESERVE FUND			
(WORKING CAPITAL AND GENERAL CONTINGENCY)	$2,237,552	$7,534	2%
10. TOTAL PRELIMINARY PROJECT DEVELOPMENT COSTS	$115,000,000	$387,205	86%
11. LAND IN FEE SIMPLE	$18,000,000	$60,606	14%
12. TOTAL PROJECT COSTS	**$133,000,000**	$447,811	100%
13. TOTAL PROJECT CONTINGENCIES	$7,796,462	$26,251	6%

Development Costs Highlights

1. Construction Cost estimate for hard and soft costs construction costs, on and off-site costs, parking and contingency-$518.75 per sq. ft.

2. Total Project Contingency – $7,796,462 or 6% of Total Project Costs.

3. Construction Financing based on average outstanding balance at 65% at 5.86%, being current One Year Treasury plus 350 basis points.

Exclusive Listor:

Sheldon K. Glassco (B)
Direct: 1-808.372.5964
sglassco@obsidianhawaii.com
www.obsidianhawaii.com