

Appendix A

Market Potential Analysis

AN ANALYSIS
of
RESIDENTIAL MARKET POTENTIAL

For
The Lihu'e Civic Center Site

Lihu'e,
Kaua'i County, Hawai'i

February, 2024

Conducted by
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Residential Market Analysis Across the Urban-to-Rural Transect

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AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

The Lihu'e Civic Center Site Lihu'e, Kaua'i County, Hawai'i

February, 2024

INTRODUCTION

The purpose of this study is to determine the market potential and optimum market position for new infill rental and for-sale housing units that could be developed over the next five years within the Lihu'e Civic Center Site.

This analysis will establish the depth and breadth of the market for new infill residential development within the Lihu'e Civic Center Site, in Lihu'e, Hawai'i (target market potential), as well as the unit configurations and rent and price points (optimum market position) that will attract the target draw area households. The Civic Center Site is located along Kuhio Highway, between Rice Street and Hardy Street.

The optimum market position for new housing units in the Lihu'e Civic Center Site has been derived from the housing preferences, financial capacities, and lifestyle characteristics of the households with the potential to move within or to the Civic Center; the Site's location, visibility, and physical attributes; the rental and for-sale housing market context in the Civic Center market area; and Zimmerman/Volk Associates' extensive experience with urban development and redevelopment.

The extent and characteristics of the potential market for housing units in the Lihu'e Civic Center Site were determined using Zimmerman/Volk Associates' proprietary target market methodology. This methodology was developed in response to the challenges that are inherent in the application of conventional supply/demand analysis to urban development and redevelopment. Supply/demand analysis ignores the potential impact of newly-introduced housing supply on settlement patterns, which can be substantial when housing choices in the market are increased

with new housing types that match the housing preferences and economic capabilities of the draw area households.

In contrast to conventional supply/demand analysis, which is typically limited by supply-side dynamics and baseline demographic projections, target market analysis determines the depth and breadth of the potential market derived from the housing preferences and socio-economic characteristics of households in the defined draw areas. Because it considers not only basic demographic characteristics, such as income qualification and age, but also less frequently analyzed attributes such as lifestage, mobility rates, lifestyle patterns and household compatibility issues, the target market methodology is particularly effective in defining a realistic housing potential for urban development and redevelopment where often no directly-comparable properties exist.

In brief, using the target market methodology, Zimmerman/Volk Associates examined the following:

- Where the potential market for new infill housing units on the Site are likely to move from (the draw areas);
- Who lives in the draw areas and what they are like (the target markets);
- How many are likely to lease or purchase new infill housing units within the Lihu'e Civic Center Site if appropriate units were to be made available (depth and breadth of the market);
- What their housing preferences are in aggregate (rental or ownership, multi-family or single-family attached and detached);
- What their alternatives are (rental and for-sale available in the Lihu'e market area);
- What are the rents and prices, unit sizes and configurations of new infill housing units that correspond to target market preferences and financial capabilities (optimum market position); and
- How many dwelling units can be absorbed per year over the next five years (absorption forecasts).

OVERVIEW OF THE LIHU'E CIVIC CENTER SITE

The two-block Lihu'e Civic Center Site is bounded by Rice, Umi, and Hardy Streets, and the Kuhio Highway (State Route 50) in Lihu'e, the county seat of Kaua'i County, on the county's southeast coast. After Kapa'a, Lihu'e is the second largest town on Kaua'i. The five-acre eastern block, bounded on the west by Eiwa Street, was listed on the National Register of Historic Places in 1981 as the Lihu'e Civic Center Historic District, with three contributing historic buildings—the County Building, the County Annex Building, and the County Courthouse, as well as the Historical Monument and Garden. The larger western block consists of a complex of civic—mainly Kaua'i County—offices, surrounded by open parking; the offices were converted from former shopping center use. The Kaua'i Museum is located on the corner of the block, and is the repository of the history and culture of the island.

A range of uses are within walking distance of the site. A coffee shop, barber shop, health clinic, two churches, the YWCA and YWCA Womens Center, and the Lihu'e Public Library are across Hardy Street to the north. Directly across Rice Street, insurance and law offices, the HealthGo Market, two banks, the Aloha Craft Cafe, a thrift shop and the United States Post Office occupy their own buildings. The block adjacent the site across Umi Street contains the Lihu'e County Park with four Little League baseball fields, the Kaua'i Memorial Convention Hall, the Olakino Family Practice, the offices of the Social Security Administration, tennis and pickleball courts, as well as the Elsie H. Wilcox Elementary School, which serves pre-kindergarten through grade five students.

Education beyond elementary school is located at the Chiefess Kamakahelei Middle School, about two miles to the west, and at the Kaua'i High School is a little over two miles south of the site. The Island School in Puhi, less than three miles to the west, is a private school covering pre-kindergarten through 12th grade. The University of Hawai'i system is represented on the island by the Kaua'i Community College campus, also in Puhi.

Mall shopping is available at Kauai's largest and only regional mall, the 50-acre Kukui Grove Center, an open-air shopping center featuring over 50 shops and restaurants, anchored by a Macy's and a Target, and including a supermarket and a drugstore.

In addition to local doctors' offices, health care is available at the 72-bed Wilcox Medical Center general hospital situated less than a mile north of the site. Two other hospitals are also located on the island: the Samuel Mahelona Memorial Hospital in Kapa'a, and Kaua'i Veterans Memorial in Waimea.

Lihū'e is close to both the Kalepa Mountain Forest Reserve and the Aukini Recreation Pier State Park, providing beach activities including surfing, kayaking, paddleboarding, boogie boarding. Fishing charters depart from Nawiliwili harbor, a few miles southeast of the Civic Center Site. The Puakea Golf Course, an 18-hole par-72 public course is less than two miles south of the site. The Ninini Point Lighthouse, with views of Nawiliwili Bay from its grounds is less than four miles from the site.

Lihū'e Airport, the main island airport, is less than two miles east of the Civic Center Site, and several airlines—Hawaiian and Southwest, and the three legacy airlines—provide inter-island flights and flights to western mainland cities.

• • •

Based on past demographic trends, Claritas, Inc., the national provider of Census-based demographic data, estimates that Lihū'e's 2023 population of 8,173 persons represents an increase of 12.8 percent above the 2010 Census count of 7,246 people. The 2020 Census count for Lihū'e was 8,004 people. (*Reference Table 1 following the text.*)

As of the 2010 Census, there were an estimated 2,633 households living in Lihū'e, a number that has increased considerably to an estimated 3,030 households in 2023. Claritas estimates a gain of 54 households since the 2020 Census.

The number of persons per household has a direct impact on the type of housing needed, since smaller households require fewer bedrooms and less square footage than larger households.

- An estimated 55.4 percent of all households in Lihu'e in 2023 contain just one or two persons (compared to 57.7 percent in Kaua'i County).
- 19.6 percent contain three persons (higher than the 14.9 percent in the county).
- The remaining quarter contain four or more persons (less than the 27.4 percent in the county).

The composition of those households can also influence housing decisions, and the type of housing required. Households with children typically prefer single-family detached units located in a good school district; older and younger households without children represent the bulk of the potential market for urban neighborhoods and they are more likely to select smaller units, often in multi-family buildings.

- In 2023, 20.8 percent of Lihu'e's households could be characterized as traditional families, *e.g.*, married couples with children under age 18 (compared to 22.1 percent in Kaua'i overall).
- Non-traditional families with children, *e.g.*, single persons or unmarried couples with children under 18, represent 11.9 percent of Lihu'e's households (lower than the county's 12.4 percent).
- The remaining 67.3 percent of Lihu'e's households do not have children under 18 and include non-traditional family households without children as well as childless married couples (slightly higher than the 65.6 percent in Kaua'i County).

Lihu'e is slightly more affluent than Kaua'i County. Median household income is currently estimated at \$95,700, compared to the county median of \$91,000. An estimated 11.8 percent of the households living in Lihu'e have annual incomes of \$25,000 or less, while a 56.6 percent majority have incomes above \$75,000 per year.

A plurality of Lihu'e's population identifies as Asian.

- 36 percent are Asian, higher than the county's 25.3 percent.

- 10.4 percent identifies as a Native Hawaiian or Pacific Islander, just under the county's 13.7 percent.
- 31.9 percent are American Indian or Alaskan Native, two or more races, or identify as some other race, compared with 30.2 percent county-wide.
- 21 percent are white, well below the county's 30.3 percent.
- The remaining 0.7 percent of Lihu'e's residents are African American, compared to 0.5 percent county-wide.

An estimated 8.5 percent of Lihu'e's population is Hispanic/Latino by ethnicity, lower than the county's 10.4 percent.

An estimated 5.8 percent of Lihu'e's dwelling units have been built since 2014, more than the three percent in Kaua'i. Lihu'e's housing stock is currently estimated at 3,296 dwelling units.

- 67.4 percent are single-family detached houses (71.9 percent in Kaua'i).
- Only 9.5 percent are single-family attached houses—townhouses or rowhouses (compared to 5.8 percent county-wide).
- 0.5 percent are two-unit buildings (2.6 percent in the county).
- 14 percent of housing units are located in buildings of three to 19 units, compared to the 12.4 percent share in Kaua'i County.
- 8.6 percent are located in buildings of 20 or more units, slightly higher than 6.9 percent in the county.

Based on Census and Claritas estimates, in 2023, just over eight percent of Lihu'e's 3,296 housing units are unoccupied. Of the estimated 3,029 *occupied* units, 37.8 percent are rented and 62.2 percent are owner-occupied, compared to the county's 65.1 percent. The median value of owner-occupied dwelling units in Lihu'e is currently estimated at \$839,100 slightly higher than the county's \$813,900 median.

Lihu'e has a slightly lower percentage of vehicle-free households than the county.

- 2.6 percent of households do not own a vehicle (3.2 percent in Kaua'i).

- 29 percent own only one vehicle (24.6 percent in Kaua'i).
- 68.4 percent own two or more vehicles (lower than the 72.2 percent rate county-wide).

Driving is the most significant means of commutation for workers aged 16 and older in Lihu'e.

- 75 percent drive alone to work (under the 77.4 percent in Kaua'i).
- 13.6 percent car-pool (slightly higher than the 10.4 percent in Kaua'i).
- 1.6 percent walk to work (less than the 2.2 percent in the county).
- 0.9 percent take public transportation to work (same as the county).
- 7.6 percent worked from home (slightly below 8.2 percent in Kaua'i).
- The remaining 1.3 percent either bike to work, or have other means of getting to work (slightly above the one percent in Kaua'i County).

31.5 percent of Lihu'e's residents aged 25 or older have a Bachelor's Degree, compared to 29 percent in Kaua'i County.

In 2023, just over 48 percent of Lihu'e household employment was concentrated in white-collar jobs, 20.3 percent in blue-collar occupations, and the remaining 31.5 percent in service/farm employment. (County-wide, white-collar jobs comprise just over 51 percent of all employment, blue-collar 19.2 percent, and service/farm occupations 29.8 percent.)

DATA SOURCES: Table 1: Claritas, Inc.; U.S. Census Bureau;
Zimmerman/Volk Associates, Inc.

AVERAGE ANNUAL MARKET POTENTIAL FOR KAUA'I COUNTY

An analysis of migration, mobility and geo-demographic characteristics of households currently living within defined draw areas is integral to the determination of the depth and breadth of the potential market for new housing units within Kaua'i County and the Civic Center Site.

An understanding of these mobility trends, as well as the socio-economic and lifestyle characteristics of households currently living within defined draw areas, is the first step in the analysis. The draw areas are derived primarily through household migration analysis (using the latest taxpayer data provided by the Internal Revenue Service). To refine the draw area for the county, the IRS migration data have been supplemented by population migration and mobility data for Kaua'i County from the most recent American Community Survey.

*Where are the potential renters and buyers of housing units
in Kaua'i County likely to move from?*

The most recent Kaua'i County migration and mobility data—from taxpayer records compiled by the Internal Revenue Service from 2016 through 2020 and from the 2021 American Community Survey one-year estimates for Kaua'i County—shows that the draw areas for housing units in the county include the following:

- The Kaua'i County draw area, covering households moving within Kaua'i County.
- The regional draw area, covering households with the potential to move from Honolulu, Maui, and Hawai'i counties to Kaua'i County.
- The Los Angeles County draw area, covering households with the potential to move to Kaua'i County from Los Angeles County in California.
- The national draw area, covering households with the potential to move to Kaua'i County from all other U.S. cities and counties.

As determined by the migration and mobility analyses, then, the distribution of the draw areas as a percentage of the annual potential market for housing units in Kaua'i County is shown on the table following this page.

AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

The Lihu'e Civic Center Site
Lihu'e, Kaua'i County, Hawai'i

February, 2024

Annual Average Market Potential by Draw Area
Kaua'i County, Hawai'i

Kaua'i County:	52.8%
Honolulu, Maui, and Hawai'i Counties:	10.7%
Los Angeles County, California:	1.9%
Balance of the U.S.:	<u>34.6%</u>
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2023.

As determined by the target market methodology, which accounts for household mobility within Kaua'i County, as well as mobility patterns for households currently living in all other counties, an annual average of 3,210 households represent the potential market for housing units within the county each year over the next five years.

AVERAGE ANNUAL MARKET POTENTIAL FOR THE LIHU'E CIVIC CENTER SITE _____

*Where are the potential renters and buyers of housing units
in the Civic Center Site likely to move from?*

The target market methodology identifies those households with a preference for living in walkable neighborhoods. After discounting for those segments of the county's potential market that have preferences for rural locations, the distribution of draw area market potential for units within the Civic Center Site each year over the next five years is as follows:

Annual Average Market Potential by Draw Area
THE CIVIC CENTER SITE
Kaua'i County, Hawai'i

Kaua'i County:	52.1%
Honolulu, Maui, and Hawai'i Counties:	13.9%
Los Angeles County, California:	2.5%
Balance of the U.S.:	<u>31.5%</u>
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2023.

Based on this analysis, which accounts for household mobility within Kaua'i County, as well as migration and mobility patterns for households currently living in all other cities and counties, an annual average of 1,190 younger singles and couples, empty nesters and retirees, and traditional

and non-traditional families of all incomes represent the potential market for new housing units within the Civic Center Site each year over the next five years.

What are their housing preferences in aggregate?

After discounting those households with preferences for single-family detached units, the housing preferences of the draw area households—derived from their tenure (rental vs. ownership) propensities—are outlined on the following table (*see also Table 2 following the text*):

Average Annual Potential Market
(Excluding Single-Family Detached)
THE LIHU'E CIVIC CENTER SITE
Kaua'i County, Hawai'i

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Multi-family for-rent (lofts/apartments, leasehold)	482	64.2%
Multi-family for-sale (lofts/apartments, condo/co-op)	119	15.9%
Single-family attached for-sale (townhouses/duplexes, fee-simple/condo)	<u>149</u>	<u>19.9%</u>
Total	750	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2023.

At the Lihū'e Civic Center Site, 64.2 percent of the 750 target households of all incomes comprise the market for rental dwelling units. An increasing percentage are renters by choice; many, however, would prefer to own but cannot afford the type of housing they want in neighborhoods where they would consider living. Since the Great Recession, and exacerbated by the pandemic, younger people in particular have been challenged by the difficulties of finding work that pays well; some have the additional burden of significant education debt, and many lack an adequate down payment for ownership units.

The remaining 35.8 percent of the market (268 households of all incomes) would choose ownership housing. An estimated 44.4 percent of the ownership market would choose for-sale

single-family attached units (rowhouses/townhouses/duplexes), and the remaining 55.6 percent multi-family units (condominium/co-operative apartments).

What is their range of affordability by housing type?

The 750 households that represent the potential market for housing units in the Lihu'e Civic Center Site have been segmented by income, based on the Kaua'i County, Hawai'i HUD median family income (AMI), which, for fiscal year 2023 is \$102,200 for a family of four. The combined tenure and housing type preferences and financial capabilities of the 750 target households are shown on the following table (*see again* Table 2):

Tenure/Housing Type Propensities by Income
 Annual Average Market Potential For Housing Units
 THE LIHU'E CIVIC CENTER SITE
Kaua'i County, Hawai'i

HOUSING TYPE	..... HOUSEHOLDS	
	NUMBER	PERCENT
Multi-family for-rent (lofts/apartments, leasehold)	<u>482</u>	<u>64.2%</u>
< 30% AMI	63	8.4%
30% to 60% AMI	73	9.7%
60% to 80% AMI	100	13.3%
80% to 120% AMI	128	17.1%
> 120% AMI	118	15.7%
Multi-family for-sale (lofts/apartments, condo/co-op)	<u>119</u>	<u>15.9%</u>
< 30% AMI	10	1.3%
30% to 60% AMI	17	2.3%
60% to 80% AMI	29	3.9%
80% to 120% AMI	26	3.5%
> 120% AMI	37	4.9%

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AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

The Lihu'e Civic Center Site

Lihu'e, Kaua'i County, Hawai'i

February, 2024

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Single-family attached for-sale (townhouses/duplexes, condo/fee-simple)	<u>149</u>	<u>19.9%</u>
< 30% AMI	18	2.4%
30% to 60% AMI	26	3.5%
60% to 80% AMI	29	3.9%
80% to 120% AMI	32	4.3%
> 120% AMI	44	5.8%
Total	750	100.0%

NOTE: For fiscal year 2023, the Kaua'i County, HI MSA HUD Median Family Income for a family of four is \$102,200.

SOURCE: Zimmerman/Volk Associates, Inc., 2023.

Summarizing the income ranges of the 750 households that represent the annual potential market for housing units in the Lihu'e Civic Center Site, 12.1 percent (91 households) have incomes at 30 percent or less than the AMI; 15.5 percent (116 households) have incomes between 30 and 60 percent AMI; 21.1 percent (158 households) have incomes between 60 and 80 percent AMI; 24.8 percent (186 households) have incomes between 80 and 120 percent AMI; and 26.5 percent (199 households) have incomes at or above 120 percent AMI.

TARGET MARKET ANALYSIS

Who are the households that represent the potential market for housing units in the Lihu'e Civic Center Site?

More than a decade later, the aftermath of the housing crash continues to reverberate throughout the housing market, evidenced by significant changes in market preferences from single-use subdivisions in exurban locations to mixed-use, walkable development, particularly in downtowns and in-town neighborhoods. The preference for walkable neighborhoods evidenced by both younger and older one- and two-person households has been a primary force in urban redevelopment across the country.

As determined by the target market analysis, the general market segments, by lifestage, that represent the potential market for housing units in the Lihu'e Civic Center Site are as follows (*see also Table 3 following the text*):

- Younger singles and childless couples (36.4 percent);
- Empty nesters and retirees (34 percent); and
- Traditional and non-traditional family households (29.6 percent).

—YOUNGER SINGLES AND COUPLES—

At 36.4 percent, younger singles and couples, predominantly one- and two-person households of all incomes, represent a plurality of the market for housing units in the Lihu'e Civic Center Site. Nearly 48 percent of these households have incomes below 60 percent of the area median income (AMI)—below \$50,700 for a one-person household and \$57,950 for a two-person household—who would need significant assistance to afford new housing. Approximately 9.2 percent of the younger singles and couples that comprise the target markets for the Lihu'e Civic Center Site have incomes that fall within the 60-to-80 percent income band (approximately \$50,700 to \$67,600 for a single-person household and \$57,950 to \$77,250 for a two-person household). These households work in lower-paying jobs, including entry-level retail, such as store clerks, and service occupations, such as waiters and waitresses, as well as general office workers who have full-time entry-level employment, and workers in the education sector.

Another 7.7 percent of the households in this market segment have incomes that fall within the 80-to-120 percent income band (approximately \$67,600 to \$85,900 for a single-person household and \$77,250 to \$98,150 for a two-person household). These include medical personnel such as technicians or support staff, and transportation and logistics workers, as well as other education jobs.

The remaining 35.2 percent of the younger singles and couples have incomes that are above 120 percent of the AMI (at or above \$85,900 at 120 percent AMI for a single-person household, and at or above \$98,150 at 120 percent AMI for a two-person household). These younger households are mid- and upper-level office workers; remote tech workers; and an increasing percentage are engaged in a variety of entrepreneurial ventures.

—EMPTY NESTERS AND RETIREES—

At 34 percent of the annual potential market for housing units in the Lihu'e Civic Center Site, older households (empty nesters and retirees, also predominantly one- and two-person households) represent the second largest share of the market. A significant number of these target households are retired, although many are still engaged in full-time work.

In this general market segment, nearly 35 percent have incomes below 60 percent of the AMI; for many social security is their only source of income. Approximately 10.2 percent have incomes between 60 and 80 percent of the area median income. (Approximately \$50,700 to \$67,600 for a single-person household and \$57,950 to \$77,250 for a two-person household.) Many of these households currently live in naturally-occurring affordable housing and lack the housing options to move.

Another 7.5 percent of the older target households have incomes between 80 and 120 percent of the area median income. (Approximately \$67,600 to \$85,900 for a single-person household and \$77,250 to \$98,150 for a two-person household.) Many of these are older professionals nearing the end of their career with tenure in the educational sector, management and office jobs, or small-business owners.

Older households with incomes above 120 percent of AMI comprise 47.5 percent of the target empty nester and retiree market segment (annual incomes at or above \$85,900 at 120 percent AMI for a single-person household, and \$98,150 and up at 120 percent AMI for a two-person household). These older singles and couples are enthusiastic participants in community life, and many are still actively involved in cultural institutions and have yet to retire.

—TRADITIONAL AND NON-TRADITIONAL FAMILIES—

Traditional and non-traditional families represent 29.6 percent of the market for dwelling units in the Lihu'e Civic Center Site. Non-traditional families have become an increasingly larger proportion of all U.S. households, and encompass a wide range of family households, from a single, separated, widowed or divorced mother or father with one or more children, to an adult taking care of younger siblings, to a grandparent responsible for grandchildren. The “traditional family household” of a married couple with young children, which once comprised the majority of American households, has now fallen to 22 percent nationally (22.1 percent in Kaua'i County and 20.8 percent in Lihu'e). Family households included in the market potential for the Civic Center Site typically contain three to five persons.

Over 45 percent of the family households that comprise the annual potential market for the Site have incomes below 60 percent of the AMI, and are typically spending more than 40 percent of their incomes on housing costs. Many of these households are single-parent families struggling to make ends meet. Approximately 12.6 percent of the family households have incomes that fall within the 60-to-80 percent income band. (At 60 to 80 percent AMI, incomes for three-person households range between \$65,200 and \$86,900, and incomes for five-person households range between \$78,200 and \$104,300.) At these incomes, many earners work in solid middle-class jobs in the education sector, or blue-collar jobs that pay relatively well.

Another 10.8 percent of the family-oriented households have incomes that fall within the 80-to-120 percent income band. A significant number of the heads of household in these family groups have office jobs working in sales or finance. (At 80 to 120 percent AMI, incomes for three-person

households range between \$86,900 and \$110,400, and incomes for five-person households range between \$104,300 and \$132,500.)

The remaining 31.1 percent of the traditional and non-traditional families have incomes above 120 percent of AMI. These households are, in some cases, dual-income households, with medical careers, academic positions, and middle- to upper-middle management jobs. (Incomes of \$110,400 and up at 120 percent AMI for three-person households, and incomes of \$132,500 for five-person households.)

NOTE: APPENDIX THREE, TARGET MARKET DESCRIPTIONS, contains detailed descriptions of each of these target market groups and is provided in a separate document. The METHODOLOGY, APPENDICES ONE AND TWO, TARGET MARKET TABLES document describes how the target market groups for the Lihu'e Civic Center Site have been determined.

THE MARKET CONTEXT

What are their current housing alternatives?

Summary supply-side information for the Lihu'e Civic Center Site (covering multi-family rental and for-sale units, and for-sale attached and detached single-family units) is provided in tabular form following the text: Table 4, Summary of Selected Rental Listings, Table 5, Summary of Selected For-Sale Multi-Family and Single-Family Attached Listings, and Table 6, Summary of Resale and Newly-Constructed Single-Family Detached House Listings.

Redfin's Walk Score has been included with each property listing. Although Walk Score measures only distance, and metrics such as intersection density and block lengths to grade the walkability of a specific address or neighborhood, it has grown in importance as a value criterion. Walk Scores above 90 indicate a "Walker's Paradise," where daily needs do not require a vehicle. Walk Scores between 70 and 90 are considered to be very walkable, where most activities can be accomplished on foot, and Walk Scores between 50 and 69 are regarded as somewhat walkable, where some errands can be accomplished on foot. Walk Scores below 50 indicate that most or almost all daily needs require a vehicle.

The impact on housing values of walkability as calculated by Walk Score only begins to be measurable when Walk Scores reach 70 or above. All of the properties currently have Walk Scores below 70, except for Ulu Ko in Lihu'e, which has a Walk Score of 77.

—RENTAL LISTINGS—

In October and November 2023, Zimmerman/Volk Associates compiled data from a variety of sources on units available for rent in Lihu'e, Kapa'a, Princeville, and elsewhere on the island of Kaua'i. (See Table 4 *following the text*.)

The 82-unit Courtyards at Waipouli built in 2009 in Kapa'a, the only multi-family rental property, includes one- to three-bedroom units, renting for \$2.38 to \$3.55 per square foot. The 715-square-foot one-bedrooms rent for \$2,330 to \$2,539 per month; two-bedroom, two-bath, 950-square-

foot units rent for \$2,461 to \$2,670; and the 1,121-square-foot, three-bedroom, two-bath units rent for \$2,670 to \$2,880. At the time of the survey there were no reported vacancies.

The remaining listings included flats, duplexes, townhouses and detached houses, ranging from a tiny furnished surfer's shack in Kekaha to a 2,900-square-foot townhouse in Princeville. Most of the rental listings were in properties with a range of community amenities, typically swimming pools, fitness centers, clubhouses or community rooms, and business centers.

Unit sizes, rents, and rents per square foot for the 18 individual rental units included in the survey are summarized on the following pages.

—*One-Bedroom Units (three units)*—

- One-bedroom, one-bathroom units ranged in rent from \$1,600 per month for furnished detached units, one in Kekaha and the other on Mamane Street in Kapa'a, to \$1,800 for a unit in a duplex on Hopena Place in Lihu'e.
- The one-bedroom duplex unit has 400 square feet, and although the Kekaha unit's size was not reported, it is likely even smaller. The furnished unit in Kapa'a has 1,056 square feet, the largest of the three listings.
- Rents per square foot ranged from the furnished unit in Kapa'a at \$1.52 per square foot, to the one-bedroom duplex in Lihu'e at \$4.50 per square foot.

—*Two-Bedroom Units (four units)*—

- Rents for two-bedroom, one- or two-bathroom units ranged from \$2,950 per month for a two-bedroom, one-bath duplex on Kumoo Road in Kapa'a, to \$4,500 for a two-bedroom, two-bath furnished house on Pu'uopae Road, also in Kapa'a.
- Two-bedroom units ranged in size from 900 square feet for the duplex unit on Kumoo Road, to the 1,574-square-foot Pu'uopae Road house.
- Two-bedroom rents per square foot fell between \$2.86 at the Pu'uopae Road house, and \$3.84 for a two-bedroom, two-bath furnished house on Hanalaumu Road in Kapa'a.

—Three-Bedroom Units (nine units)—

- Monthly rents for three-bedroom units, containing from two to three-and-a-half baths, started at \$3,000 for a three-bedroom, two-bath house on Hanalima Street in Lihu'e, and reached \$15,000 for a three-bedroom, three-and-a-half bath unit at Ka'iulani of Princeville on Queen Emma's Drive.
- Three-bedroom, two-bath units contained between 1,250 square feet at the Hanalima Street house, and 2,900 square feet at the three-and-a-half bath townhouse in Princeville.
- Three-bedroom rents per square foot ranged between \$2.40 at the Hanalima Street house, and \$5.17 at the Princeville townhouse.

—Four- and Five-Bedroom Units (two units)—

- A four-bedroom, two-and-a-half-bath, 1,678-square-foot furnished house rented for \$4,200 (\$2.50 per square foot) on Hanalaumu Road in Kapa'a.
- A five-bedroom, four-bath, 7,000-square-foot furnished house was for rent at \$6,800 (\$0.97 per square foot) on Waipoli Road, also in Kapa'a.

—MULTI-FAMILY AND SINGLE-FAMILY ATTACHED FOR-SALE LISTINGS—

Table 5 summarizes the listings of resale and newly-constructed condominium and townhouse units on the market in October and November, 2023 in or near Lihu'e.

The only significant newly-constructed condominium or townhouse units were in Laola Nani, a townhouse property within the Timbers Kaua'i Ocean Club & Residences resort. Four listings ranged from a 2,418-square-foot three-bedroom, three-and-a-half-bath unit priced at \$6.09 million to a 2,878-square-foot four-bedroom, four-and-a-half-bath unit priced at \$7.55 million (\$2,462 to \$2,623 per square foot).

Prices, unit sizes, and prices per square foot for the 26 individual condominium and townhouse units listed for resale are summarized on the following pages.

—*Studio Units (four units)*—

Four studio units with one-bathroom were on the market at Kaua'i Beach Resort & Spa, built in 1985 in Hanamaulu and ranged in price from \$239,000 to \$339,000 and in size from 307 to 320 square feet (from \$747 to \$1,091 per square foot).

—*One-Bedroom Units (two units)*—

Prices for the two one-bedroom, one-bathroom units listed were \$265,000 for a condominium at Sun Village, built in 1980 in Lihu'e, and \$649,000 at for a townhouse at Kaua'i Beach Villas, also built in 1980 in Hanamaulu. The Sun Village unit had 554 square feet; the Kaua'i Beach Villa had 684 square feet. Prices per square foot were \$478 and \$949 respectively.

—*Two-Bedroom Units (16 units)*—

- Prices for two-bedroom, one-and-a-half, two or two-and-a-half-bathroom flats ranged from \$325,000 for a two-bedroom, two-bath condominium at Sun Village, to \$3.345 million for a two-bedroom, two-and-a-half-bath condominium at Maliula Residence Club, built in 2018 at the Timbers Kaua'i Ocean Club & Residences resort. Three townhouse resales listed ranged from \$639,000 for a two-bedroom, two-bath unit at Kaua'i Beach Villas in Hanamaula, to \$835,000 for a two-bedroom, two-and-a-half-bath unit at Regency Huleia, built in 2005 in Pihu.
- Two-bedroom units ranged in size from 736 square feet for a two-bedroom, one-and-a-half bath condominium at Lihu'e Townhouse, to 1,566 square feet for the two-bedroom, two-and-a-half bath unit at Maliula Residence Club. The Regency Huleia townhouse had 1,265 square feet while two units at Kaua'i Beach Villas were both 1,185 square feet.
- Two-bedroom prices per square foot fell between \$423 at Sun Village and \$2,136 at Maliula Residence Club. Townhouse asking prices per square foot ranged from \$539 at Kaua'i Beach Villas to \$660 at Regency Huleia.

—Three-Bedroom Units (two units)—

Prices for the two three-bedroom condominiums listed for resale were \$625,000 for a three-bedroom, two-bath unit at Halelani Village, built in 1994 at Puhi, and \$5.2 million for a three-bedroom, three-and-a-half bath at Maliula Residence Club. The Halelani Village unit had 980 square feet; the Maliula Residence Club unit had 2,369 square feet. Prices per square foot were \$638 and \$2,195 respectively.

Maliula Residence Club also listed three-bedroom, three-and-a-half-bath timeshare condominiums: a one-twelfth share of a 2,026-square-foot flat was priced at \$465,000, and a one-sixth share of a 2,698-square-foot flat was priced at \$1.125 million.

—SINGLE-FAMILY DETACHED FOR-SALE PROPERTIES—

Table 6 summarizes detached house resale and new construction listings on the market in October and November, 2023.

Seven listings of houses newly-constructed or under construction ranged from a 1,998-square-foot three-bedroom, two-and-a-half-bath house on a quarter-acre lot in Kapa'a's Kawaihau district priced at \$1.495 million, to a 2,121-square-foot three-bedroom, three-and-a-half-bath house on a 0.63-acre beachfront lot in the Wainiha section of Hanalei priced at \$12.5 million (\$2,462 to \$5,893 per square foot). The only new house listed for sale in Lihu'e was a 2,525-square-foot four-bedroom, three-and-a-half-bath house on a 0.29-acre lot in the Pikake subdivision priced at \$2.6 million (\$1,030 per square foot).

Twelve resale house listings in Lihu'e ranged from a 1,427-square-foot three-bedroom, two-bath house built in 1940 on a 0.17-acre Lihue Town Tract lot priced at \$750,000, to a 4,484-square-foot four-bedroom, three-and-a-half-bath house built in 1993 on a half-acre Kupulo Tract lot priced at \$3.995 million. Lihu'e resale asking prices per square foot ranged from \$427 to \$987.

The eighteen resale listings elsewhere on the island ranged from a 960-square-foot two-bedroom, two-and-a-half-bath house built in 2017 in the Ilima Gardens subdivision in Kapa'a priced at \$795,000, to a 4,283-square-foot six-bedroom, six-and-a-half-bath house built in 2016 on a 0.80-

acre lot in the Kukuiula resort priced at \$10.25 million in Koloa. Resale asking prices per square foot ranged from \$605 to \$3,312.

FINANCIAL CAPABILITIES OF TARGET HOUSEHOLDS ---

What are the rents and prices that correspond to target household financial capabilities?

In general, households with annual incomes at or below 60 percent AMI do not qualify for new construction except for units financed using low-income housing tax credits. If incomes are below 30 percent AMI, households typically qualify for public housing units and Section Eight vouchers. Rents are usually limited to no more than 30 percent of annual income.

Households with incomes between 60 and 80 percent of the AMI comprise the market for new affordable *rental* housing units that could be developed in the Lihu'e Civic Center Site. These households have incomes ranging between \$50,700 and \$67,600 for a single-person household to \$78,200 and \$104,300 for a five-person household.

Households with incomes between 80 and 120 percent of the AMI comprise the market for workforce rental and for-sale housing units that could be developed in the Lihu'e Civic Center Site. These households have incomes ranging between \$67,600 and \$85,900 for a single-person household to \$104,300 and \$132,500 for a five-person household.

The rents and price points for the market-rate component of new housing units are derived from the financial capabilities of those target households with annual incomes at or above 120 percent AMI, which begins at \$85,900 for a single-person household and \$132,500 for a five-person household.

The analysis is focusing on those 472 households with incomes at or above 60 percent AMI for rentals and at or above 80 percent AMI for for-sale multi-family and single-family attached units, covering the incomes required to rent or purchase workforce (affordable) and market-rate housing in the Lihu'e Civic Center Site. The combined housing preferences by tenure and by income of those target households are shown on table following this page (*reference again* Table 2).

Tenure/Housing Type Propensities by Income
Annual Average Market Potential for New Affordable and Market-Rate Housing Units
Renters with Incomes Above 60% AMI
Buyers with Incomes Above 80% AMI
THE LIHU'E CIVIC CENTER SITE
Kaua'i County, Hawai'i

HOUSING TYPE	. . . . . HOUSEHOLDS	
	NUMBER	PERCENT
Multi-family for-rent (lofts/apartments, leaseholder)	<u>346</u>	<u>71.3%</u>
60% to 80% AMI	100	20.6%
80% to 120% AMI	128	26.4%
> 120% AMI	118	24.3%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	<u>63</u>	<u>13.0%</u>
80% to 120% AMI	26	5.4%
> 120% AMI	37	7.6%
Single-family attached for-sale (townhouses/duplexes)	<u>76</u>	<u>15.7%</u>
80% to 120% AMI	32	6.6%
> 120% AMI	44	9.1%
Total	485	100.0%

NOTE: For fiscal year 2023, the Kaua'i County, HI MSA Median Family Income for a family of four is \$102,200.

SOURCE: Zimmerman/Volk Associates, Inc., 2023.

—*Rental Multi-Family Distribution by Rent Range*—

The number of households able to afford the specified rent ranges detailed on the following table was determined by calculating a monthly rental payment excluding utilities and ranging between 25 and 30 percent of annual gross income. (Although it is quite possible that many households will pay 40 percent or more of their annual gross incomes in rent, HUD recommends that a tenant pay no more than 30 percent of gross income for rent *including* utilities.)

An annual average of 346 households with incomes above 60 percent of the AMI represent the target markets for newly-constructed market-rate, workforce, and affordable rental housing units

in the Lihu'e Civic Center Site (*as shown on Table 7 following the text*). The distribution of supportable rent ranges is summarized on the following table:

Target Groups for New Multi-Family For Rent
Households with Incomes Above 60% AMI
THE LIHU'E CIVIC CENTER SITE
Kaua'i County, Hawai'i

MONTHLY RENT RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$1,000–\$1,250	52	14.8%
\$1,250–\$1,500	57	16.2%
\$1,500–\$1,750	52	14.8%
\$1,750–\$2,000	35	9.9%
\$2,000–\$2,250	38	10.8%
\$2,250–\$2,500	32	9.1%
\$2,500–\$2,750	29	8.2%
\$2,750–\$3,000	30	8.5%
Over \$3,000	<u>27</u>	<u>7.7%</u>
Total:	346	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2023.

- The largest group of target renters are younger singles and couples, at 45.1 percent of the market potential for affordable, workforce, and market-rate rental units in the Lihu'e Civic Center Site. Only 8.3 percent have careers that provide them with the financial capacity to afford rents above \$2,500 per month. A third comprises the market for units with rents between \$1,750 and \$2,500 per month. A majority of the younger households—58.3 percent—can only afford units with rents between \$1,000 and \$1,750 per month.
- Empty nesters and retirees represent just under 29 percent of the potential market for affordable, workforce, and market-rate rental units in the Lihu'e Civic Center. A plurality of the wealthiest empty nesters and retirees—40.6 percent—can afford rents above \$2,500 per month. Approximately 19.8 percent, have the ability to pay rents between \$1,750 and \$2,500 per month, and the remaining 39.7 percent require rents between \$1,000 and \$1,750 per month.

-
- At just 26 percent, traditional and non-traditional families are the smallest market for affordable, workforce, and market-rate rental units in the Lihū'e Civic Center. Approximately 33.7 percent of the family market have the incomes and assets that enable them to afford rents at or above \$2,500 per month. A 34.8 percent plurality are able to support rents between \$1,750 and \$2,500 per month. The remaining 31.5 percent make up the market for units with rents between \$1,000 and \$1,750 per month.

—For-Sale Multi-Family Distribution by Price Range—

An annual average of 63 households that earn at least 80 percent of the AMI represent the target markets for newly-constructed workforce and market-rate for-sale multi-family housing units within the Lihū'e Civic Center Site (*as shown on Table 8 following the text*). Supportable price points have been determined by assuming a down payment of 20 percent, an interest rate of seven percent, and a monthly mortgage payment, including taxes and insurance, that does not exceed 30 percent of gross income for each of the 63 annual households that represent the annual potential for-sale multi-family market, yielding the distribution shown on the following table:

Target Groups for New Multi-Family For Sale
Households with Incomes Above 80% AMI per Year
THE LIHU'E CIVIC CENTER SITE
Kaua'i County, Hawai'i

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$250,000–\$300,000	5	8.0%
\$300,000–\$350,000	6	9.5%
\$350,000–\$400,000	8	12.7%
\$400,000–\$450,000	7	11.1%
\$450,000–\$500,000	13	20.7%
\$500,000–\$550,000	12	19.0%
\$550,000 and up	<u>12</u>	<u>19.0%</u>
Total:	63	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2023.

- Empty nesters and retirees represent a plurality—44.4 percent—of the annual market for new for-sale multi-family units (condominiums) within the Lihū'e Civic Center Site. Nearly a third of these empty nesters and retirees—32.1 percent—would be in the market for

new units priced over \$550,000. An estimated 46.4 percent can afford units priced between \$400,000 and \$550,000. The remaining 21.4 percent can only afford new condominiums with base prices between \$250,000 and \$400,000.

- Younger singles and couples represent 30.2 percent of the annual market for new condominiums within the Site. Just under 58 percent would be in the market for new condominiums with base prices between \$400,000 and \$550,000; and the remaining 42.1 percent would be in the market for units priced between \$250,000 and \$400,000.
- Traditional and non-traditional families represent 25.4 percent of the annual market for new condominiums in the Lihu'e Civic Center Site. Approximately 18.8 percent have the income and assets to purchase new units priced over \$550,000. Half would be in the market for new condominiums with base prices between \$400,000 and \$550,000. The remaining 31.3 percent would be in the market for units priced between \$250,000 and \$400,000.

—*For-Sale Single-Family Attached Distribution by Price Range*—

An annual average of 76 households with incomes at or above 80 percent AMI represent the target markets for newly-constructed workforce and market-rate for-sale single-family attached housing units within the Lihu'e Civic Center Site (*as shown on Table 9 following the text*). As with the condominiums, supportable price points have been determined by assuming a down payment of 20 percent, an interest rate of seven percent, and a monthly mortgage payment, including taxes and insurance, that does not exceed 30 percent of gross income for each of the 76 annual households that represent the annual potential for-sale single-family attached market, yielding the distribution shown on the table following this page.

Target Groups for New Single-Family Attached For Sale
Households with Incomes Above 80% AMI per Year

THE LIHU'E CIVIC CENTER SITE

Kaua'i County, Hawai'i

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$300,000–\$350,000	5	6.6%
\$350,000–\$400,000	7	9.2%
\$400,000–\$450,000	10	13.2%
\$450,000–\$500,000	8	10.5%
\$500,000–\$550,000	8	10.5%
\$550,000 and up	<u>38</u>	<u>50.0%</u>
Total:	76	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2023.

- Empty nesters and retirees represent a plurality—48.7 percent—of the annual market for new for-sale single-family attached units (townhouses) within the Lihu'e Civic Center Site. Most of the empty nesters and retirees—62.2 percent—would be in the market for new units priced above \$550,000, with just over 16 percent in the market for units priced between \$450,000 and \$550,000. Another 21.6 percent could only afford new townhouses with base prices between \$300,000 and \$450,000.
- Traditional and non-traditional families comprise 35.5 percent of the annual market for new condominiums in the Lihu'e Civic Center Site. A majority—55.6 percent—of the family households have the financial resources to purchase new townhouses priced over \$550,000, with 18.5 percent who could afford new units priced between \$450,000 and \$550,000. The remaining 25.9 percent are only able to purchase new units priced between \$300,000 and \$450,000.
- Younger singles and couples represent only 15.8 percent of the annual market for new townhouses within the Site. Approximately 41.7 percent of the younger households have the income and assets to purchase new units priced between \$450,000 and \$550,000, and the remaining majority of 58.3 percent could afford new townhouses priced between \$300,000 and \$450,000.

—OPTIMUM MARKET POSITION: THE LIHU'E CIVIC CENTER SITE—

*What are the rents, prices, unit sizes, and unit configurations
 that match target household preferences?*

As detailed in the preceding section, an annual average of 485 target households—346 potential renters, 63 potential condominium purchasers, and 76 potential townhouse buyers—comprise the annual potential market for new affordable, workforce, and market-rate rental and ownership housing units in the Lihu'e Civic Center Site each year over the next five years.

Based on the target households' financial capabilities and housing preferences, the optimum market position for new affordable, workforce, and market-rate rental and for-sale housing units within the Lihu'e Civic Center Site is summarized on the following table. (*See also Table 10 following the text.*)

Optimum Market Position
 THE LIHU'E CIVIC CENTER SITE
Kaua'i County, Hawai'i

PERCENT MIX	UNIT CONFIGURATION	BASE RENT/PRICE	UNIT SIZE	BASE RENT/PRICE PER SQ. FT.
MULTI-FAMILY FOR-RENT				
. Affordable (60 to 80% AMI)				
25%	Studio/1ba	\$1,150 to \$1,350	500 to 600 sf	\$2.25 to \$2.30
30%	1br/1ba	\$1,450 to \$1,600	700 to 750 sf	\$2.07 to \$2.13
15%	2br/1ba	\$1,750 to \$1,850	850 to 950 sf	\$1.95 to \$2.06
30%	3br/1ba	\$1,950 to \$2,200	1,100 to 1,250 sf	\$1.76 to \$1.77

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AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

The Lihū'e Civic Center Site
 Lihū'e, Kāua'i County, Hawai'i

February, 2024

... continued from the preceding page

PERCENT MIX	UNIT CONFIGURATION	BASE RENT/PRICE	UNIT SIZE	BASE RENT/PRICE PER SQ. FT.
MULTI-FAMILY FOR-RENT				
. Workforce (80 to 120% AMI)				
20%	Studio/1ba	\$1,650 to \$1,850	500 to 600 sf	\$3.08 to \$3.30
30%	1br/1ba	\$2,000 to \$2,100	700 to 750 sf	\$2.80 to \$2.86
30%	2br/2ba	\$2,600 to \$2,700	1,000 to 1,100 sf	\$2.45 to \$2.60
20%	3br/2ba	\$2,800 to \$3,000	1,200 to 1,350 sf	\$2.22 to \$2.33
. Market-Rate (120% AMI and up)				
15%	Studio/1ba	\$2,300 to \$2,500	500 to 600 sf	\$4.17 to \$4.60
35%	1br/1ba	\$2,950 to \$3,100	700 to 750 sf	\$4.13 to \$4.21
25%	2br/2ba	\$3,750 to \$4,100	1,000 to 1,100 sf	\$3.73 to \$3.75
25%	3br/2.5ba	\$4,300 to \$4,600	1,200 to 1,350 sf	\$3.41 to \$3.58
MULTI-FAMILY FOR-SALE				
. Workforce (80 to 120% AMI)				
30%	1br/1ba	\$250,000 to \$275,000	700 to 800 sf	\$344 to \$357
45%	2br/2ba	\$350,000 to \$375,000	1,000 to 1,100 sf	\$341 to \$350
25%	3br/2ba	\$415,000 to \$440,000	1,200 to 1,300 sf	\$338 to \$346
. Market-Rate (120% AMI and up)				
40%	1br/1ba	\$400,000 to \$450,000	700 to 800 sf	\$563 to \$571
35%	2br/2ba	\$525,000 to \$575,000	1,000 to 1,100 sf	\$523 to \$525
25%	3br/2ba	\$625,000 to \$675,000	1,200 to 1,300 sf	\$519 to \$521

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AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

The Lihu'e Civic Center Site

Lihu'e, Kana'i County, Hawai'i

February, 2024

... continued from the preceding page

PERCENT MIX	UNIT CONFIGURATION	BASE RENT/PRICE	UNIT SIZE	BASE RENT/PRICE PER SQ. FT.
SINGLE-FAMILY ATTACHED FOR-SALE				
. Workforce (80 to 120% AMI)				
55%	2br/2.5ba	\$445,000 to \$475,000	1,250 to 1,350 sf	\$352 to \$356
45%	3br/2.5ba	\$495,000 to \$525,000	1,450 to 1,600 sf	\$328 to \$341
. Market-Rate (120% AMI and up)				
50%	2br/2.5ba	\$695,000 to \$745,000	1,250 to 1,350 sf	\$552 to \$556
50%	3br/2.5ba	\$795,000 to \$850,000	1,450 to 1,600 sf	\$531 to \$548

SOURCE: Zimmerman/Volk Associates, Inc., 2023.

Based on the mix of unit types, sizes, and rents/prices outlined above, the weighted average rents and prices for each of the housing types are shown on the following table:

Weighted Average Base Rents/Prices and Size Ranges
THE LIHU'E CIVIC CENTER SITE
Kana'i County, Hawai'i

HOUSING TYPE	WEIGHTED AVERAGE BASE RENTS/PRICES	WEIGHTED AVERAGE UNIT SIZE	WEIGHTED AVERAGE BASE RENTS/PRICES PER SQ. FT.
MULTI-FAMILY FOR-RENT			
60 to 80% AMI	\$1,661	842 sf	\$1.97 psf
80 to 120% AMI	\$2,340	898 sf	\$2.61 psf
>120% AMI	\$3,508	916 sf	\$3.83 psf
MULTI-FAMILY FOR-SALE			
80 to 120% AMI	\$348,500	1,009 sf	\$345 psf
>120% AMI	\$524,500	979 sf	\$536 psf
SINGLE-FAMILY ATTACHED FOR-SALE			
80 to 120% AMI	\$482,200	1,400 sf	\$344 psf
>120% AMI	\$771,250	1,413 sf	\$546 psf

SOURCE: Zimmerman/Volk Associates, Inc., 2023.

The proposed rents and prices are in year 2023 dollars and are exclusive of location or floor premiums and consumer-added options or upgrades.

MARKET CAPTURE: THE LIHU'E CIVIC CENTER SITE

How fast will the units lease or sell?

Based on 35 years' experience using the target market methodology in 47 states, and including three of the Hawaiian Islands, Zimmerman/Volk Associates has developed and refined a capture rate methodology scaled to study area size and context. Zimmerman/Volk Associates has determined that, for a site the size of the Lihu'e Civic Center, a capture rate of between 15 and 20 percent of the annual average number of potential renters and potential condominium and rowhouse/townhouse buyers is supportable each year over the next five years, assuming the production of appropriately-positioned new housing.

Based on these capture rates, annual average absorption of new workforce/affordable and market-rate units in the Lihu'e Civic Center Site is forecast as shown on the following table (*see again* Table 10 *following the text*):

Annual Forecast Absorption			
THE LIHU'E CIVIC CENTER SITE			
<i>Kaula'i County, Hawaii</i>			
	ANNUAL UNITS ABSORBED		CAPTURE RATES
MULTI-FAMILY FOR-RENT			
Total	<u>52</u> – <u>70</u>		15 – 20%
60% to 80% AMI	15 – 20		
80% to 120% AMI	19 – 26		
>120% AMI	18 – 24		
MULTI-FAMILY FOR-SALE			
Total	<u>10</u> – <u>12</u>		15 – 20%
80 to 120% AMI	4 – 5		
>120% AMI	6 – 7		
SINGLE-FAMILY ATTACHED FOR-SALE			
Total	<u>12</u> – <u>15</u>		15 – 20%
80 to 120% AMI	5 – 6		
>120% AMI	7 – 9		

SOURCE: Zimmerman/Volk Associates, Inc., 2023.

If there is sufficient new development to achieve these capture rates, between 74 and 97 new units per year could be leased or sold on the Lihu'e Civic Center Site over a five-year timeframe, or a five-year total of 370 to 485 new rental and for-sale affordable, workforce, and market-rate housing units.

New housing units, configured according to target market preferences, can not only attract new households to the Lihu'e Civic Center Site, but can also provide appropriate alternatives to households that, due to a change in household composition or economic status, might otherwise move off the island. The capture rates of the annual potential market used here fall within the target market methodology's parameters of feasibility.

NOTE: The target market capture rates of the potential purchaser or renter pool are a unique and highly-refined measure of feasibility. Target market capture rates are not equivalent to—and should not be confused with—penetration rates or traffic conversion rates.

The **target market capture rate** is derived by dividing the *annual* forecast absorption—in aggregate and by housing type—by the number of households that have the potential to purchase or rent new housing within a specified area *in a given year*.

The **penetration rate** is derived by dividing the *total* number of dwelling units planned for a property by the *total* number of draw area households, sometimes qualified by income.

The **traffic conversion rate** is derived by dividing the *total* number of buyers or renters by the *total* number of prospects that have visited a site.

Because the prospective market for a property or study area is more precisely defined using the residential target market methodology, a substantially smaller number of households are qualified; as a result, target market capture rates are higher than the more grossly-derived penetration rates. The resulting higher capture rates remain within the range of feasibility.



Key Demographic Data
Lihū'e and Kaua'i County, Hawai'i
2023 Estimates

	<u>Lihū'e</u>	<u>Kaua'i County</u>
Population	8,173	74,205
Households	3,030	24,894
Housing Units	3,296	30,433
1&2 pp HHst	55.4%	57.7%
3 pp HHs	19.6%	14.9%
4+ pp HHs	25.0%	27.4%
Married couples w/ children	20.8%	22.1%
Other HHs w/ children	11.9%	12.4%
HHs without children	67.3%	65.6%
Median HH income	\$95,700	\$91,000
HHs below \$25,000	11.8%	11.5%
HHs above \$50,000	76.9%	73.8%
HHs above \$75,000	56.6%	57.8%
White	21.0%	30.3%
African American	0.7%	0.5%
Asian	36.0%	25.3%
Native Hawaiian/Pacific Islander	10.4%	13.7%
Other/2 or more races	31.9%	30.2%
Hispanic/Latino	8.5%	10.4%
Single-family attached units	9.5%	5.8%
Single-family detached units	67.4%	71.9%
Units in 2-unit bldgs.	0.5%	2.6%
Units in 3- to 19-unit bldgs.	14.0%	12.4%
Units in 20+-unit bldgs.	8.6%	6.9%
Mobile home or trailer	0.0%	0.4%
Vacant units	8.1%	18.2%
Renter-occupied units	37.8%	34.9%
Owner-occupied units	62.2%	65.1%
Units new since 2010	8.3%	4.9%
Units new since 2014	5.8%	3.0%
Median housing value	\$839,100	\$813,900
No vehicle ownership	2.6%	3.2%
Own 1 vehicle	29.0%	24.6%
Own 2 or more vehicles	68.4%	72.2%
Drive alone to work	75.0%	77.4%
Car-pool	13.6%	10.4%
Take public transportation to work	0.9%	0.9%
Walk to work	1.6%	2.2%
Work from home	7.6%	8.2%
Other	1.3%	1.0%
White-collar employment	48.2%	51.1%
Blue-collar employment	20.3%	19.2%
Service/farm employment	31.5%	29.8%
Persons Over 25 With College Degree	31.5%	29.0%

SOURCES: U.S. Bureau of Census; Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Employment Information
Lihu'e and Kaua'i County, Hawai'i
2023 Estimates

	Lihu'e	Kaua'i County
Population 16+	6,741	60,133
By Employment Status	6,741	60,133
In Armed Forces	26	145
Employed Civilians	4,348	37,506
Unemployed Civilians	91	1,094
Not in Labor Force	2,276	21,388
Employed Civilian By Worker Class	4,270	37,658
For-Profit Private	3,028	23,996
Non-Profit Private	227	2,228
Local Government	252	1,382
State Government	316	2,789
Federal Government	74	728
Self-Employed	373	6,362
Unpaid Family	0	173
Employed Civilian By Occupation	4,270	37,658
Architect/Engineer	41	401
Arts/Entertainment/Sports	7	828
Building Grounds Maintenance	248	2,910
Business/Financial	210	1,344
Community/Social Services	98	672
Computer/Mathematical	11	204
Construction/Extraction	155	2,078
Education/Training/Library	281	2,089
Farming/Fishing/Forestry	1	385
Food Preparation/Servicing	467	3,600
Health Practitioner/Technician	174	1,436
Healthcare Support	233	1,404
Maintenance/Repair	114	1,168
Legal	16	192
Life/Physical/Social Sciences	23	402
Management	269	3,222
Office/Administrative Support	386	4,234
Production	146	1,227
Protective Services	238	1,450
Sales/Related	543	4,206
Personal Care/Services	159	1,455
Transportation/Moving	450	2,751

SOURCES: U.S. Bureau of Census; Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Table 2

Annual Market Potential For New Market-Rate And Subsidized Housing Units

Distribution Of Annual Average Number Of Draw Area Households With The Potential
To Move To The Civic Center Site Each Year Over The Next Five Years
Based On Housing Preferences And Income Levels

The Lihu'e Civic Center Site

Lihu'e, Kaua'i County, Hawai'i

*Kaua'i County; Honolulu, Maui, and Hawai'i Counties, Hawai'i;
Los Angeles County, California; and Balance of the United States
Draw Areas*

Annual Number Of Households
With The Potential To Rent/Purchase Within
Kaua'i County 3,210

Annual Number Of Target Market Households
With Potential To Rent/Purchase Within
The Lihu'e Civic Center Site 1,190

**Annual Market Potential
(Excluding Single-Family Detached)**

	<i>Below 30% AMI</i>	<i>30% to 60% AMI</i>	<i>60% to 80% AMI</i>	<i>80% to 120% AMI</i>	<i>Above 120% AMI</i>	<i>Subtotal</i>
<i>Multi-Family For-Rent:</i>	63	73	100	128	118	482
<i>Multi-Family For-Sale:</i>	10	17	29	26	37	119
<i>Single-Family Attached For-Sale:</i>	18	26	29	32	44	149
Total:	91	116	158	186	199	750
Percent:	12.1%	15.5%	21.1%	24.8%	26.5%	100.0%

Note: For fiscal year 2023, Kauai County, HI Median Family Income for a family of four is \$102,200.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Table 3

Annual Market Potential By Lifestage And Income Range

Derived From Purchase And Rental Propensities Of Draw Area Households With The Potential To Move To The Civic Center Site Each Year Over The Next Five Years
Based On Housing Preferences And Income Levels

The Lihu'e Civic Center Site

Lihu'e, Kaua'i County, Hawai'i

	Total	Below 30% AMI	30% to 60% AMI	60% to 80% AMI	80% to 120% AMI	Above 120% AMI
Number of Households:	750	91	116	158	186	199
Empty Nesters & Retirees	34.0%	35.2%	31.9%	27.8%	31.7%	41.7%
Traditional & Non-Traditional Families	29.6%	28.6%	37.1%	30.4%	29.6%	25.1%
Younger Singles & Couples	36.4%	36.2%	31.0%	41.8%	38.7%	33.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: For fiscal year 2023, Kauai County, HI Median Family Income for a family of four is \$102,200.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Summary Of Selected Rental Listings

Lihu'e Market Area, Kaua'i County, Hawai'i

November, 2023

<u>Property (Date Opened)</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Unit</u> <u>Type</u>	<u>Reported</u> <u>Base Rent</u>	<u>Reported</u> <u>Unit Size</u>	<u>Rent per</u> <u>Sq. Ft.</u>	<u>Additional Information</u>
<i>..... Lihu'e</i>						
<i>...Individual Duplex Listing</i>						
<i>Hopena Place</i>	1	1br/1ba	\$1,800	400	\$4.50	40 Walk score
<i>...Individual Single-Family House Listings</i>						
<i>Hanalima Street</i>	1	3br/2ba	\$3,000	1,250	\$2.40	41 Walk score
<i>..... Kapa'a</i>						
Courtyards at Waipouli (2009)	82	<i>....Apartments....</i>				100% occupancy
<i>401 Papaloa Road</i>		1br/1ba	\$2,330 to \$2,539	715	\$3.26 to \$3.55	<i>Beach access, BBQ grills,</i>
<i>Showe Management Corporation</i>		2br/2ba	\$2,461 to \$2,670	950	\$2.59 to \$2.81	<i>landscaped grounds, coastal</i>
<i>56 Walk score</i>		3br/2ba	\$2,670 to \$2,880	1,121	\$2.38 to \$2.57	<i>bike path access.</i>
<i>...Individual Duplex Listings....</i>						
<i>Kuamoo Road</i>	1	2br/1ba	\$2,950	900	\$3.28	12 Walk score
<i>Kaehulua Place</i>	1	2br/1ba	\$3,300	988	\$3.34	<i>Laundry room.</i>
<i>...Individual Furnished Single-Family Listings</i>						
<i>Mamane Street</i>	1	1br/1ba	\$1,600	1,056	\$1.52	60 Walk score
<i>Hanalaumu Road</i>	1	2br/2ba	\$3,800	990	\$3.84	24 Walk score
<i>Hanalaumu Road</i>	1	4br/2.5ba	\$4,200	1,678	\$2.50	39 Walk score
<i>Makani Road</i>	1	3br/2.5ba	\$4,500	1,608	\$2.80	8 Walk score
<i>Pu'uopae Road</i>	1	2br/2ba	\$4,500	1,574	\$2.86	11 Walk score
<i>Kokeanu Place</i>	1	3br/2ba	\$6,000	1,276	\$4.70	10 Walk score
<i>Waipoli Road</i>	1	5br/4ba	\$6,800	7,000	\$0.97	2 Walk score
<i>..... Hanalei</i>						
<i>...Individual Furnished Single-Family Listing</i>						
<i>Makamae Place</i>	1	3br/2.5ba	\$9,500	2,400	\$3.96	21 Walk score

Summary Of Selected Rental Listings*Lihu'e Market Area, Kaua'i County, Hawai'i***November, 2023**

<u>Property (Date Opened)</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Unit</u> <u>Type</u>	<u>Reported</u> <u>Base Rent</u>	<u>Reported</u> <u>Unit Size</u>	<u>Rent per</u> <u>Sq. Ft.</u>	<u>Additional Information</u>
<i>. Princeville</i>						
Villas on the Prince	41	<i>....Furnished Townhouse....</i>				
4141 Queen Emma's Drive		3br/3ba	\$5,000	1,732	\$2.89	Washer/dryer.
40 Walk score		3br/3ba	\$5,200	1,825	\$2.85	Dishwasher.
		3br/3ba	\$5,600	1,743	\$3.21	
Ka'iulani of Princeville	77	<i>....Townhouse....</i>				
4100 Queen Emma's Drive		3br/3.5ba	\$15,000	2,900	\$5.17	Pool, spa,
40 Walk score						
<i>...Individual Furnished Single-Family Listing</i>						
<i>Kekaulike Lane</i>	1	3br/2ba	\$6,500	n/a	n/a	44 Walk score
<i>. . . Kekaha . . .</i>						
<i>. . . Furnished Beach Cottage . . .</i>						
<i>Elepaio Road</i>	1	1br/1ba	\$1,600	n/a	n/a	21 Walk score

**Summary Of Selected For-Sale Multi-Family
And Single-Family Attached Listings**

Lihu'e Market Area, Kaua'i County, Hawai'i

November, 2023

<u>Development (Date Opened)</u> <u>Address/Walk Score</u>	<u>Unit</u> <u>Type</u>	<u>Base Price</u> <u>Range</u>	<u>Unit</u> <u>Size</u>	<u>Price Per</u> <u>Sq. Ft.</u>
	..... Lihu'e			
	..... Resale Listings			
Sun Village (1980)	..... Condominiums			
3400 Kuhio Highway	1br/1ba	\$265,000	554	\$478
43 Walk score	2br/2ba	\$325,000	747	\$435
	2br/2ba	\$389,000	920	\$423
	2br/2ba	\$389,900	920	\$424
Lihu'e Townhouse (1974)	..... Condominium			
4156 Rice Street	2br/1.5ba	\$425,000	736	\$577
66 Walk score				
Maliula Residence Club at Timbers Kaua'i Ocean Club & Residences (2018)	..... Timeshare Condominiums			
3770 Alaoli Way	3br/3.5ba (1/12th)	\$465,000	2,026	\$230
31 Walk score	3br/3.5ba (1/6th)	\$1,125,000	2,698	\$417
	..... Condominiums			
	2br/2.5ba	\$3,345,000	1,566	\$2,136
	3br/3.5ba	\$5,200,000	2,369	\$2,195
Kamamalu (2009)	..... Condominium			
3920 Haa Street	2br/2ba	\$549,000	870	\$631
37 Walk score				
Kalapaki Villas (1981)	..... Condominium			
4121 Rice Street	2br/2ba	\$599,000	1,050	\$570
66 Walk score				
Nawiliwili (1978)	..... Condominium			
3411 Wilcox Road	2br/1.5ba	\$675,000	920	\$734
48 Walk score				
Kaha Lani (1975)	..... Condominiums			
4460 Nehe Road	2br/2ba	\$1,299,000	961	\$1,352
13 Walk score	2br/2ba	\$1,395,000	961	\$1,452

SOURCE: Kauai Board of Realtors;
Zimmerman/Volk Associates, Inc.

**Summary Of Selected For-Sale Multi-Family
And Single-Family Attached Listings**

Lihu'e Market Area, Kaua'i County, Hawai'i

November, 2023

<u>Development (Date Opened)</u> <u>Address/Walk Score</u>	<u>Unit</u> <u>Type</u>	<u>Base Price</u> <u>Range</u>	<u>Unit</u> <u>Size</u>	<u>Price Per</u> <u>Sq. Ft.</u>
. Lihu'e (continued)				
. New Construction Listings				
Laola Nani at Timbers Kaua'i	. . . . . Townhouses			
Ocean Club & Residences (2023)	3br/3.5ba	\$6,090,000	2,418	\$2,519
3770 Ala'oli Way	3br/3.5ba	\$6,090,000	2,418	\$2,519
31 Walk score	4br/4.5ba	\$7,190,000	2,920	\$2,462
	4br/4.5ba	\$7,550,000	2,878	\$2,623
. Hanamaulu				
. Resale Listings				
Kaua'i Beach Resort & Spa (1985)	. . . . . Condominiums			
4331 Kauai Beach Drive	Studio/1ba	\$239,000	320	\$747
12 Walk score	Studio/1ba	\$330,000	320	\$1,031
	Studio/1ba	\$335,000	307	\$1,091
	Studio/1ba	\$339,000	320	\$1,059
Kaua'i Beach Villas (1980)	. . . . . Townhouses			
4330 Kauai Beach Drive	2br/2ba	\$639,000	1,185	\$539
13 Walk score	1br/1ba	\$649,000	684	\$949
	2br/2ba	\$750,000	1,185	\$633
. Pihu				
. Resale Listings				
Halelani Village at Puhi (1994; 2023)	. . . . . Condominiums			
1970 & 2090 Hanalima Street	2br/1.5ba	\$475,000	750	\$633
41 Walk score	2br/2ba	\$555,111	750	\$740
	2br/2ba	\$565,000	843	\$670
	3br/2ba	\$625,000	980	\$638
Regency Huleia (2005)	. . . . . Townhouse			
2110 Kaneka Street	2br/2.5ba	\$835,000	1,265	\$660
58 Walk score				

SOURCE: Kauai Board of Realtors;
Zimmerman/Volk Associates, Inc.

**Summary Of Resale and Newly-Constructed
Single-Family Detached House Listings**

Lihu'e Market Area, Kaua'i County, Hawai'i

November, 2023

<u>Subdivision/Address/Year Built</u>	<u>Lot Size</u>	<u>Unit Type</u>	<u>Price</u>	<u>Unit Size</u>	<u>Price Per Sq. Ft.</u>
<i>Walk Score</i>					
. Lihu'e					
. Individual Resale Listings					
<i>Fujii Street (1940)</i>	<i>0.17 ac.</i>	<i>3br/2ba</i>	<i>\$750,000</i>	<i>1,427</i>	<i>\$526</i>
<i>Waa Road (1994)</i>	<i>0.30 ac.</i>	<i>4br/3.5ba</i>	<i>\$1,120,000</i>	<i>2,236</i>	<i>\$501</i>
<i>Niimalu Road (1995)</i>	<i>0.87 ac.</i>	<i>4br/3ba</i>	<i>\$2,275,000</i>	<i>4,140</i>	<i>\$550</i>
<i>Mokoi Street (2006)</i>	<i>1.49 ac.</i>	<i>3br/3.5ba</i>	<i>\$2,700,000</i>	<i>3,735</i>	<i>\$723</i>
<i>Mokoi Street (1993)</i>	<i>0.53 ac.</i>	<i>4br/3.5ba</i>	<i>\$3,995,000</i>	<i>4,484</i>	<i>\$891</i>
Hanamaulu Homes Resale Listings					
<i>Manulele Street (1966)</i>	<i>0.14 ac.</i>	<i>5br/2ba</i>	<i>\$675,000</i>	<i>1,580</i>	<i>\$427</i>
<i>Opukea Street (1964)</i>	<i>0.15 ac.</i>	<i>5br/2ba</i>	<i>\$679,900</i>	<i>1,156</i>	<i>\$588</i>
40 Walk Score					
Molokoa Resale Listings					
<i>Unahe Street (2004)</i>	<i>0.13 ac.</i>	<i>4br/3ba</i>	<i>\$990,000</i>	<i>1,962</i>	<i>\$505</i>
<i>Umi Street (1993)</i>	<i>0.26 ac.</i>	<i>3br/2ba</i>	<i>\$1,200,000</i>	<i>1,548</i>	<i>\$775</i>
50 Walk Score					
Ulu Ko Resale Listings					
<i>Alaeka Street (1988)</i>	<i>0.18 ac.</i>	<i>3br/2.5ba</i>	<i>\$1,125,000</i>	<i>2,138</i>	<i>\$526</i>
<i>Apapane Street (1990)</i>	<i>0.19 ac.</i>	<i>4br/2.5ba</i>	<i>\$1,190,000</i>	<i>2,224</i>	<i>\$535</i>
77 Walk Score					
Puako Resale Listing					
<i>Kanio Street (2000)</i>	<i>0.25 ac.</i>	<i>3br/3ba</i>	<i>\$1,829,000</i>	<i>1,853</i>	<i>\$987</i>
9 Walk Score					
Pikake New Construction Listing					
<i>Makaa Street (2023)</i>	<i>0.29 ac.</i>	<i>4br/3.5ba</i>	<i>\$2,599,999</i>	<i>2,525</i>	<i>\$1,030</i>
16 Walk Score					
. Kapa'a					
Ilima Gardens Resale Listing					
<i>Kawaihau Road (2017)</i>	<i>0.07 ac.</i>	<i>2br/2.5ba</i>	<i>\$795,000</i>	<i>960</i>	<i>\$828</i>
25 Walk Score					

SOURCE: Kauai Board of Realtors;
Zimmerman/Volk Associates, Inc.

Summary Of Resale and Newly-Constructed Single-Family Detached House Listings

Lihu'e Market Area, Kaua'i County, Hawai'i

November, 2023

<u>Subdivision/Address/Year Built</u>	<u>Lot Size</u>	<u>Unit Type</u>	<u>Price</u>	<u>Unit Size</u>	<u>Price Per Sq. Ft.</u>
<i>Walk Score</i>					
. <i>Kapa'a (continued)</i>					
Wailua House Lots					
. <i>Resale Listing</i>					
<i>Pua Road (2021)</i>	0.24 ac.	3br/2ba	\$999,000	1,284	\$778
21 Walk Score					
. <i>Individual New Construction Listings</i>					
<i>Aina Pono Street (2023)</i>	0.24 ac.	3br/2.5ba	\$1,495,000	1,998	\$748
<i>Kanalu Road (2023)</i>	0.25 ac.	3br/2ba	\$1,968,888	1,280	\$1,538
17 Walk Score					
. <i>Koloa</i>					
Omao Homesteads					
. <i>Resale Listing</i>					
<i>Omao Road (2017)</i>	0.26 ac.	3br/2ba	\$1,099,000	1,104	\$995
7 Walk Score					
Poipu Beach Estates					
. <i>Resale Listings</i>					
<i>Nakoa Street (2013)</i>	0.30 ac.	4br/3ba	\$2,995,000	2,628	\$1,140
<i>Nakoa Street (2014)</i>	0.30 ac.	4br/3.5ba	\$4,175,000	3,020	\$1,382
<i>Halalu Street (2014)</i>	1.09 ac.	4br/5.5ba	\$4,992,000	2,954	\$1,690
45 Walk Score					
Koloa Estates					
. <i>New Construction Listing</i>					
<i>Pua Alani Place (2023)</i>	0.50 ac.	6br/4.5ba	\$3,200,000	3,100	\$1,032
23 Walk Score					
Bayview at Poipu Kai					
. <i>Resale Listing</i>					
<i>Loke Road (2018)</i>	0.29 ac.	3br/2.5ba	\$3,200,000	2,103	\$1,522
29 Walk Score					
Kukuiula					
. <i>Resale Listings</i>					
<i>Ke Alaula Street (2015)</i>	0.30 ac.	3br/3.5ba	\$5,500,000	2,104	\$2,614
<i>Mahua Street (2020)</i>	0.29 ac.	3br/3.5ba	\$6,200,000	3,250	\$1,908
<i>Ka Opua Place (2017)</i>	0.39 ac.	4br/4.5ba	\$6,250,000	2,887	\$2,165
<i>Holo Malanai Street (2015)</i>	0.60 ac.	4br/4.5ba	\$8,900,000	3,956	\$2,250
<i>Kalahiki Street (2018)</i>	0.82 ac.	4br/4.5ba	\$10,185,000	4,490	\$2,268
<i>Kalahiki Street (2016)</i>	0.80 ac.	6br/6.5ba	\$10,250,000	4,283	\$2,393

**Summary Of Resale and Newly-Constructed
Single-Family Detached House Listings**

Lihu'e Market Area, Kaua'i County, Hawai'i

November, 2023

<u>Subdivision/Address/Year Built</u>	<u>Lot Size</u>	<u>Unit Type</u>	<u>Price</u>	<u>Unit Size</u>	<u>Price Per Sq. Ft.</u>
Walk Score					
	. . . . . Koloa (continued)				
Kukuiula	. . . . . New Construction Listing				
Kaulu Street (2023)	0.51 ac.	5br/5ba	\$6,395,000	2,767	\$2,311
	. . . . . Under Construction Listing				
Pualeikukui Place (2024)	0.43 ac.	4br/4.5ba	\$7,995,000	3,166	\$2,525
2 Walk Score					
	. . . . . Waimea				
	. . . . . Resale Listing				
Menehune Road (2014)	0.50 ac.	3br/2ba	\$1,150,000	1,901	\$605
0 Walk Score					
	. . . . . Anahola				
	. . . . . Resale Listing				
Koolau Road (2020)	9.13 ac.	3br/2ba	\$2,900,000	1,344	\$2,158
0 Walk Score					
	. . . . . Kalaheo				
	. . . . . Resale Listing				
Kakela Makai Drive (2016)	2.94 ac.	3br/3ba	\$2,999,000	3,598	\$834
0 Walk Score					
	. . . . . Kilauea				
	. . . . . Resale Listing				
Kahilihoho Road (2021)	3.63 ac.	1br/1.5ba	\$4,050,000	1,223	\$3,312
0 Walk Score					
	. . . . . Princeville				
	. . . . . Resale Listing				
Punahele Road (2021)	0.33 ac.	4br/4.5ba	\$4,750,000	2,404	\$1,976
18 Walk Score					
	. . . . . Hanalei				
	. . . . . New Construction Listing				
Alamoo Road (2023)	0.63 ac.	3br/3.5ba	\$12,500,000	2,121	\$5,893
27 Walk Score					

SOURCE: Kauai Board of Realtors;
Zimmerman/Volk Associates, Inc.

Target Groups For New Multi-Family For Rent
The Lihū'e Civic Center Site
Lihū'e, Kaua'i County, Hawai'i

. Number of Households

Empty Nesters & Retirees**	<u>60% to 80% AMI†</u>	<u>80% to 120% AMI†</u>	<u>Above 120% AMI†</u>	<u>Total</u>	<u>Percent of Total</u>
Affluent Empty Nesters	0	0	2	2	0.6%
Small-Town Patriarchs	1	3	6	10	2.9%
Urban Establishment	2	5	8	15	4.3%
New Empty Nesters	1	1	2	4	1.2%
Traditional Couples	2	3	4	9	2.6%
Pillars of the Community	1	3	4	8	2.3%
Mainstream Empty Nesters	1	1	1	3	0.9%
Multi-Ethnic Empty Nesters	1	2	3	6	1.7%
Middle-American Retirees	1	1	1	3	0.9%
Cosmopolitan Couples	2	6	8	16	4.6%
Hometown Retirees	1	1	0	2	0.6%
Blue-Collar Retirees	1	1	1	3	0.9%
Village Elders	2	3	0	5	1.4%
Small-Town Seniors	6	6	0	12	3.5%
Second City Seniors	1	1	0	2	0.6%
Subtotal:	23	37	40	100	28.9%
Traditional & Non-Traditional Families††					
Ex-Urban Elite	0	1	2	3	0.9%
Button-Down Families	0	0	2	2	0.6%
Full-Nest Exurbanites	1	1	2	4	1.2%
New Town Families	1	2	3	6	1.7%
Unibox Transferees	1	1	2	4	1.2%
Small-Town Families	10	16	17	43	12.4%
Multi-Ethnic Families	1	1	1	3	0.9%
Hometown Families	12	8	0	20	5.8%
New American Strivers	2	3	0	5	1.4%
Subtotal:	28	33	29	90	26.0%

† For fiscal year 2023, Kauai County, HI Median Family Income for a family of four is \$102,200.

** Predominantly one- and two-person households.

†† Predominantly three- to five-person households.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Target Groups For New Multi-Family For Rent
The Lihu'e Civic Center Site
Lihu'e, Kaua'i County, Hawai'i

. Number of Households

Younger Singles & Couples**	<u>60% to 80% AMI†</u>	<u>80% to 120% AMI†</u>	<u>Above 120% AMI†</u>	<u>Total</u>	<u>Percent of Total</u>
New Power Couples	1	1	2	4	1.2%
New Bohemians	5	13	18	36	10.4%
Cosmopolitan Elite	1	2	3	6	1.7%
Fast-Track Professionals	4	6	6	16	4.6%
The VIPs	2	3	4	9	2.6%
Hometown Sweethearts	2	1	1	4	1.2%
Suburban Strivers	3	2	2	7	2.0%
Small-City Singles	1	1	1	3	0.9%
Second-City Strivers	3	3	1	7	2.0%
Twentysomethings	4	4	3	11	3.2%
Downtown Couples	5	5	1	11	3.2%
Downtown Proud	16	16	7	39	11.3%
Multi-Ethnic Singles	2	1	0	3	0.9%
Subtotal:	49	58	49	156	45.1%
Total Households:	100	128	118	346	100.0%
Percent of Total:	28.9%	37.0%	34.1%	100.0%	

† For fiscal year 2023, Kauai County, HI Median Family Income for a family of four is \$102,200.

** Predominantly one- and two-person households.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Target Groups For New Multi-Family For Sale
The Lihu'e Civic Center Site

Lihu'e, Kaua'i County, Hawai'i

. Number of Households

Empty Nesters & Retirees**	<u>80% to 120% AMI†</u>	<u>Above 120% AMI†</u>	<u>Total</u>	<u>Percent of Total</u>
Small-Town Patriarchs	3	5	8	12.7%
Urban Establishment	0	3	3	4.8%
New Empty Nesters	0	2	2	3.2%
Traditional Couples	2	1	3	4.8%
Pillars of the Community	0	3	3	4.8%
Mainstream Empty Nesters	0	1	1	1.6%
Multi-Ethnic Empty Nesters	0	2	2	3.2%
Middle-American Retirees	1	1	2	3.2%
Cosmopolitan Couples	1	1	2	3.2%
Hometown Retirees	0	0	0	0.0%
Blue-Collar Retirees	1	0	1	1.6%
Village Elders	1	0	1	1.6%
Small-Town Seniors	0	0	0	0.0%
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal:	9	19	28	44.4%
Traditional & Non-Traditional Families††				
Ex-Urban Elite	0	1	1	1.6%
Full-Nest Exurbanites	0	2	2	3.2%
New Town Families	0	2	2	3.2%
Unibox Transferees	0	1	1	1.6%
Small-Town Families	7	1	8	12.7%
Multi-Ethnic Families	1	0	1	1.6%
Hometown Families	0	0	0	0.0%
New American Strivers	1	0	1	1.6%
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal:	9	7	16	25.4%

† For fiscal year 2023, Kauai County, HI Median Family Income for a family of four is \$102,200.

** Predominantly one- and two-person households.

†† Predominantly three- to five-person households.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Target Groups For New Multi-Family For Sale
The Lihu'e Civic Center Site

Lihu'e, Kaua'i County, Hawai'i

. *Number of Households*

Younger Singles & Couples**	<i>80% to 120% AMI†</i>	<i>Above 120% AMI†</i>	<i>Total</i>	<i>Percent of Total</i>
New Power Couples	0	2	2	3.2%
New Bohemians	1	4	5	7.9%
Cosmopolitan Elite	1	2	3	4.8%
Fast-Track Professionals	1	1	2	3.2%
The VIPs	1	1	2	3.2%
Hometown Sweethearts	0	0	0	0.0%
Small-City Singles	0	1	1	1.6%
Second-City Strivers	1	0	1	1.6%
Twentysomethings	0	0	0	0.0%
Downtown Couples	1	0	1	1.6%
Downtown Proud	2	0	2	3.2%
Multi-Ethnic Singles	0	0	0	0.0%
Subtotal:	8	11	19	30.2%
Total Households:	26	37	63	100.0%
Percent of Total:	41.3%	58.7%	100.0%	

† For fiscal year 2023, Kauai County, HI Median Family Income for a family of four is \$102,200.

** Predominantly one- and two-person households.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Target Groups For New Single-Family Attached For Sale
The Lihu'e Civic Center Site

Lihu'e, Kaua'i County, Hawai'i

. *Number of Households*

Empty Nesters & Retirees**	<u>80% to 120% AMI†</u>	<u>Above 120% AMI†</u>	<u>Total</u>	<u>Percent of Total</u>
Small-Town Patriarchs	1	10	11	14.5%
Urban Establishment	0	1	1	1.3%
New Empty Nesters	0	2	2	2.6%
Traditional Couples	1	5	6	7.9%
Pillars of the Community	1	5	6	7.9%
Mainstream Empty Nesters	1	1	2	2.6%
Multi-Ethnic Empty Nesters	2	0	2	2.6%
Middle-American Retirees	1	0	1	1.3%
Cosmopolitan Couples	1	0	1	1.3%
Hometown Retirees	0	0	0	0.0%
Blue-Collar Retirees	1	0	1	1.3%
Village Elders	1	0	1	1.3%
Small-Town Seniors	3	0	3	3.9%
Second City Seniors	0	0	0	0.0%
Subtotal:	13	24	37	48.7%
Traditional & Non-Traditional Families††				
Ex-Urban Elite	0	3	3	3.9%
Button-Down Families	0	1	1	1.3%
Full-Nest Exurbanites	1	2	3	3.9%
New Town Families	2	3	5	6.6%
Unibox Transferees	1	1	2	2.6%
Small-Town Families	7	3	10	13.2%
Multi-Ethnic Families	0	0	0	0.0%
Hometown Families	2	1	3	3.9%
New American Strivers	0	0	0	0.0%
Subtotal:	13	14	27	35.5%

† For fiscal year 2023, Kauai County, HI Median Family Income for a family of four is \$102,200.

** Predominantly one- and two-person households.

†† Predominantly three- to five-person households.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

**Target Groups For New Single-Family Attached For Sale
The Lihu'e Civic Center Site**

Lihu'e, Kaua'i County, Hawai'i

. Number of Households

Younger Singles & Couples**	<i>80% to 120% AMI†</i>	<i>Above 120% AMI†</i>	<i>Total</i>	<i>Percent of Total</i>
New Power Couples	0	2	2	2.6%
New Bohemians	1	1	2	2.6%
Cosmopolitan Elite	1	2	3	3.9%
The VIPs	1	1	2	2.6%
Hometown Sweethearts	0	0	0	0.0%
Suburban Strivers	0	0	0	0.0%
Second-City Strivers	0	0	0	0.0%
Downtown Couples	2	0	2	2.6%
Downtown Proud	1	0	1	1.3%
Multi-Ethnic Singles	0	0	0	0.0%
Subtotal:	6	6	12	15.8%
Total Households:	32	44	76	100.0%
Percent of Total:	42.1%	57.9%	100.0%	

† For fiscal year 2023, Kauai County, HI Median Family Income for a family of four is \$102,200.

** Predominantly one- and two-person households.

Optimum Market Position
The Lihue Civic Center Site
Lihue, Kaua'i County, Hawaii
December, 2023

<u>Number of Households</u>	<u>Housing Type</u> <i>Households by Income</i>	<u>Percent Mix</u>	<u>Base Rent/Price Range*</u>	<u>Base Unit Size Range</u>	<u>Base Rent/Price Per Sq. Ft.*</u>	<u>Annual Market Capture</u>
346	Multi-Family For Rent					52 to 70
100	Households With Incomes Between 60% and 80% AMI					15 to 20
	Studio/1ba	25%	\$1,150 to \$1,350	500 to 600	\$2.25 to \$2.30	
	1br/1ba	30%	\$1,450 to \$1,600	700 to 750	\$2.07 to \$2.13	
	2br/1ba	15%	\$1,750 to \$1,850	850 to 950	\$1.95 to \$2.06	
	3br/1ba	30%	\$1,950 to \$2,200	1,100 to 1,250	\$1.76 to \$1.77	
	Weighted Averages:		\$1,661	842	\$1.97	
128	Households With Incomes Between 80% and 120% AMI					19 to 26
	Studio/1ba	20%	\$1,650 to \$1,850	500 to 600	\$3.08 to \$3.30	
	1br/1ba	30%	\$2,000 to \$2,100	700 to 750	\$2.80 to \$2.86	
	2br/2ba	30%	\$2,600 to \$2,700	1,000 to 1,100	\$2.45 to \$2.60	
	3br/2ba	20%	\$2,800 to \$3,000	1,200 to 1,350	\$2.22 to \$2.33	
	Weighted Averages:		\$2,340	898	\$2.61	
118	Households With Incomes at 120% and up					18 to 24
	Studio/1ba	15%	\$2,300 to \$2,500	500 to 600	\$4.17 to \$4.60	
	1br/1ba	35%	\$2,950 to \$3,100	700 to 750	\$4.13 to \$4.21	
	2br/2ba	25%	\$3,750 to \$4,100	1,000 to 1,100	\$3.73 to \$3.75	
	3br/2.5ba	25%	\$4,300 to \$4,600	1,200 to 1,350	\$3.41 to \$3.58	
	Weighted Averages:		\$3,508	916	\$3.83	

NOTE: For fiscal year 2023, the Kawai'i HUD Median Family Income for a family of four is \$102,200.

NOTE: Base rents/prices in year 2023 dollars and exclude floor, view premiums, options, or upgrades.

SOURCE: Zimmerman/Volk Associates, Inc.

Optimum Market Position
The Lihu'e Civic Center Site
Lihu'e, Kaua'i County, Hawai'i
December, 2023

<u>Number of Households</u>	<u>Housing Type</u> <i>Households by Income</i>	<u>Percent Mix</u>	<u>Base Rent/Price Range*</u>	<u>Base Unit Size Range</u>	<u>Base Rent/Price Per Sq. Ft.*</u>	<u>Annual Market Capture</u>
63	Multi-Family For-Sale					10 to 12
26	Households With Incomes Between 80% and 120% AMI					4 5
	1br/1ba	30%	\$250,000 to \$275,000	700 to 800	\$344 to \$357	
	2br/2ba	45%	\$350,000 to \$375,000	1,000 to 1,100	\$341 to \$350	
	3br/2ba	25%	\$415,000 to \$440,000	1,200 to 1,300	\$338 to \$346	
	Weighted Averages:		\$348,500	1,009	\$345	
37	Households With Incomes Above 120% AMI					6 7
	1br/1ba	40%	\$400,000 to \$450,000	700 to 800	\$563 to \$571	
	2br/2ba	35%	\$525,000 to \$575,000	1,000 to 1,100	\$523 to \$525	
	3br/2ba	25%	\$625,000 to \$675,000	1,200 to 1,300	\$519 to \$521	
	Weighted Averages:		\$524,500	979	\$536	

NOTE: For fiscal year 2023, the Kawai'i HUD Median Family Income for a family of four is \$102,200.

NOTE: Base rents/prices in year 2023 dollars and exclude floor, view premiums, options, or upgrades.

SOURCE: Zimmerman/Volk Associates, Inc.

Optimum Market Position
The Lihu'e Civic Center Site
Lihu'e, Kaua'i County, Hawai'i
December, 2023

<u>Number of Households</u>	<u>Housing Type</u> <i>Households by Income</i>	<u>Percent Mix</u>	<u>Base Rent/Price Range*</u>	<u>Base Unit Size Range</u>	<u>Base Rent/Price Per Sq. Ft.*</u>	<u>Annual Market Capture</u>
76	Single-Family Attached For-Sale					12 to 15
32	Households With Incomes Between 80% and 120% AMI					5 to 6
	2br/2.5ba	55%	\$445,000 to \$475,000	1,250 to 1,350	\$352 to \$356	
	3br/2.5ba	45%	\$495,000 to \$525,000	1,450 to 1,600	\$328 to \$341	
	Weighted Averages:		\$482,200	1,400	\$344	
44	Households With Incomes Above 120% AMI					7 to 9
	2br/2.5ba	50%	\$695,000 to \$745,000	1,250 to 1,350	\$552 to \$556	
	3br/2.5ba	50%	\$795,000 to \$850,000	1,450 to 1,600	\$531 to \$548	
	Weighted Averages:		\$771,250	1,413	\$546	

NOTE: For fiscal year 2023, the Kawai'i HUD Median Family Income for a family of four is \$102,200.

NOTE: Base rents/prices in year 2023 dollars and exclude floor, view premiums, options, or upgrades.

SOURCE: Zimmerman/Volk Associates, Inc.



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Residential Market Analysis Across the Urban-to-Rural Transect

ASSUMPTIONS AND LIMITATIONS—

Every effort has been made to insure the accuracy of the data contained within this analysis. Demographic and economic estimates and projections have been obtained from government agencies at the national, state, and county levels. Market information has been obtained from sources presumed to be reliable, including developers, owners, and/or sales agents. However, this information cannot be warranted by Zimmerman/Volk Associates, Inc. While the proprietary Residential Target Market Methodology™ employed in this analysis allows for a margin of error in base data, it is assumed that the market data and government estimates and projections are substantially accurate.

Absorption scenarios are based upon the assumption that a normal economic environment will prevail in a relatively steady state during development of the subject property. Absorption paces are likely to be slower during recessionary periods and faster during periods of recovery and high growth. Absorption scenarios are also predicated on the assumption that the product recommendations will be implemented generally as outlined in this report and that the developer will apply high-caliber design, construction, marketing, and management techniques to the development of the property.

Recommendations are subject to compliance with all applicable regulations. Relevant accounting, tax, and legal matters should be substantiated by appropriate counsel.





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Residential Market Analysis Across the Urban-to-Rural Transect

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