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Kapolei mall seen as 'economic engine'

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A Florida developer has sealed a deal with the state to build a \$400 million Kapolei retail project set to be Hawaii's second-largest shopping center.

Tampa, Fla.-based DeBartolo Development, controlled by former San Francisco 49ers owner Edward J. DeBartolo Jr., signed a lease-option contract to build 1.6 million square feet of retail space at a 67-acre site at the intersection of the Kapolei Parkway extension and the proposed North-South Road.

The ambitious project, expected to generate 4,000 new jobs for Oahu's fledgling "second city," includes two hotels totaling 300 rooms, multiplex theaters, underground and storefront parking, and 100,000 square feet of office space.

KRISTEN CONSILLIO

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By **Kristen Consillio**
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The state Department of Hawaiian Home Lands has finalized a 65-year lease agreement with a Florida developer to build a \$400 million retail project in East Kapolei.

Tampa-based DeBartolo Development, controlled by former San Francisco 49ers owner Edward J. DeBartolo Jr., has signed a lease-option contract to build 1.6 million square feet of retail space at a 67-acre site at the intersection of the Kapolei Parkway extension and the proposed North-South Road, which would make it Hawaii's second-largest shopping center.

Ala Moana Center, the state's largest shopping mall, is 2.1 million square feet, while Pearlridge Center is the second-largest retail complex at 1.4 million square feet.

The ambitious project, expected to generate 4,000 new jobs for Oahu's fledgling "second city," includes two hotels totaling 300 rooms, multiplex theaters, underground and



At a glance

» **Retail project name:** Makana Alii

» **Developer:** Tampa, Fla.-based DeBartolo Development, controlled by former San Francisco 49ers owner Edward J. DeBartolo Jr.

» **Details:** 1.6 million square feet of retail space at the intersection of the Kapolei Parkway extension and the proposed North-South Road, which would make it Hawaii's second-largest shopping center, expected to generate 4,000 new jobs. Project includes two hotels totaling 300 rooms, multiplex theaters, underground and storefront parking, and 100,000 square feet of office space.

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» **Timetable:** The opening of the center's first phase is anticipated by 2012. Total build-out is expected over 10 years.

"It will be the economic engine for Kapolei, and it clearly will be the largest employment engine for the people of this region," said DHHL Director Micah Kane. "We want to infuse this money into our economy right away. We see ourselves as part of bridging a slowing and cooling of our economy."

Neither party would comment on when the developer plans to break ground on the project -- known as Makana Alii -- though the opening of the center's first phase is anticipated by 2012. Total build-out is expected over 10 years.

Company representatives would not disclose the means of financing for the massive development. Other local developers have privately expressed their doubts about the capability of DeBartolo to secure the necessary financing to proceed with the project.

"I don't think financing is an issue," said Lloyd Yonenaka, DHHL spokesman. "DeBartolo has a track record."

Among DeBartolo's current projects listed on its Web site are a major mixed-use lifestyle center with Super Target as the main anchor in Mesa, Ariz., and the first-ever three-story freestanding retail store for retailer Brooks Brothers in Connecticut.

Last fall, a DeBartolo site plan indicated that the developer was targeting for Kapolei some big-name tenants, including Victoria's Secret, Pottery Barn and Swedish-based clothing manufacturer H&M, among other retailers not yet in Hawaii. A company representative declined to disclose the names of potential tenants.

"The concept of this shopping center will be based on sustainability and integrate the ideas that we gather from the community," said Edward Kobel, DeBartolo president and chief operating officer.

Besides being an economic infusion for the region, DHHL said the project will significantly reduce the number of vehicles from the H-1, relieving freeway congestion by allowing Kapolei residents to work in the area where they live. The department estimates that Leeward Oahu residents employed by the mall will save 780 hours a year in commuting time, based on an average three hours a day those residents spend in traffic from Honolulu.

Under the agreement, DHHL initially will collect \$4.7 million in annual rent payments in the first 10 years of the contract. Rent will increase incrementally every five years after that to \$7 million in the 21st year of the agreement, with rent renegotiation in the 26th year. The department expects to generate more than \$142 million over the first 25 years of the lease agreement on the former Campbell Estate lands that were given to the state and later transferred to DHHL, which is in the process of building off-site roads, water and sewer systems for the project.

Revenue from the center is expected to help DHHL provide more affordable housing for native Hawaiians. The department plans to develop nearly 3,000 residential units at full build-out over the next 10 years.

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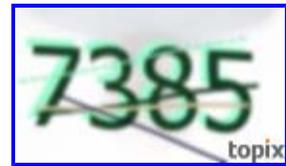
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