

From the Pacific Business News:

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Commercial Real Estate

Christine Camp has big plans for Honolulu's Kenrock Building

Hawaii developer Christine Camp's Avalon Development Co. has purchased the well-known Kenrock Building complex near Ala Moana Center in Honolulu for \$22.25 million, with plans to eventually develop the property into a mixed-use project that would include hotel rooms, affordable housing rentals and for-sale condominium units, Camp confirmed to Pacific Business News.

The complex at 1400 Kapiolani Blvd. includes three individual two-story walk-up buildings with office and retail spaces on just under an acre of land. Camp, who told PBN that the sale closed on Wednesday, said that the deal includes a joint venture with Japan's Capbridge Group and funding partners from Korea. The seller was Lyk Kenrock LLC.



TINA YUEN PBN

"We don't yet have any plan to share as the property will continue to operate as an income-producing commercial center until we have a solid plan to address housing needs for Hawaii's residents, against financial risks of an ever-changing permitting exactions, high construction costs and rising interest rates against extensive and extended permitting schedules," Camp said. "We expect to eventually develop a mixed-use project that includes a limited-service hotel component, live-work affordable rentals and market for-sale condos, with some ground floor commercial spaces."

She said the development will come with several challenges.

"Obviously trying to fit it all will require a lot of thought, and financing a mixture like this will be a logistical challenge as lenders deem mixed-use as the most risky of all project types," Camp said. "But we are up to the challenge. As a locally grown company, we are mission driven to make it work for our community. We hope that there will be supporting governmental enhancements that can help expedite the development of gap housing at this property."

With its recent experience with the 7000 Hawaii Kai affordable and luxury mixed-use rental project in East Oahu, Avalon Development is certain that it will need support from the city and state to help subsidize the development of rental housing, Camp said.

"We will need to develop a number of hotel units and gain increased density to make the project financially viable for delivering affordable units," Camp said. "We look forward to working on win-win results that will

add to the supply of housing in Honolulu while delivering a reasonable rate of return to our investors for taking the risk with us for what we estimate to be a five- to seven-year high-risk investment period.”

Once Avalon Development starts the project, it expects to create hundreds of design and construction jobs as well as purchase goods and services that will create significant new economic activity.

“We will be reaching out to the neighborhood board, city and state leaders sometime in the near future when our plans near conceptual stages and preliminary costs are validated,” Camp said.

The Kenrock Building complex, which is located near the corner of Kapiolani Boulevard and Keeaumoku Street, is located directly across from Korean developer SamKoo Development’s 45-story, 485-unit mostly affordable mixed-use Kapiolani Residence project.

Some current tenants at the complex include Friend Cafe, Salon Picasso, Twilight Bar & Grill and Shishin Shiatsu.

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