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Big shopping mall planned for Kapolei

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A local development partnership believes Kapolei is ready for a regional shopping center, and has purchased 20 acres in the burgeoning "second city" on which to build the project.

The MacNaughton Group, developer of Waikele Center, has partnered with experienced Kapolei developer Kobayashi Group to plan an open-air center with retailers, restaurants and entertainment venues on a scale similar to Kahala Mall.

A first phase is envisioned to be 250,000 to 300,000 square feet along Kalaeloa Boulevard across from Home Depot, according to Jeff Arce, MacNaughton Group chief financial officer. An adjacent 20-acre parcel is under a lease option for a subsequent expansion phase of undetermined size.

If developed as planned, the retail complex would satisfy more needs of residents in the greater Kapolei region so they don't have to commute and contribute to choked highway traffic. The move also would allow Kapolei master-planners to take another major step toward realizing their goal of creating a self-contained "second city."

Kapolei has two strip centers, a multi-screen theater, Big Kmart and Home Depot, but residents still must travel to areas such as Waikele, Pearlridge or other malls for many goods and services.

"We want to help minimize the need for residents to leave West O'ahu to do the majority of their shopping, and to provide a community gathering place," said Eric Tema, director of real estate for the MacNaughton Group. "Our goal is to complement the long-range planning of Kapolei and Ko Olina by creating a unique shopping, dining and entertainment complex that will grow with the community."

The project, tentatively named "Kapolei Commons," is the second regional shopping center proposal unveiled for the community.

Mainland mall developer Mills Corp. in 1997 announced plans for a 600,000-square-foot mall with outlet stores, theaters and theme restaurants. But a year later the firm, based in Arlington, Va., decided not to pursue the endeavor.

Some retail analysts questioned several years ago whether Kapolei could support such a large retail center, and since then only smaller retail additions have been made, including Kmart, Home Depot and a strip center largely populated with restaurants.



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Meanwhile, the residential and tourism communities of greater Kapolei are expanding. Kapolei master developer Campbell Estate has plans to develop 2,370 homes and a golf course on the outskirts of Kapolei over 18 years. Schuler Homes plans 1,150 homes in the heart of Kapolei starting in 2007. And Ko Olina announced plans to build a second luxury hotel and time-share complex with 1,000 rooms at the nearby resort surrounding a planned aquarium.

MacNaughton finance chief Arce said the region's increasing resident and visitor populations played a key role in the decision to develop Kapolei Commons.

"The visitors and residents in Ko Olina and Kapolei need more convenient options for shopping and entertainment," he said.

Maeda Timson, area neighborhood board chairwoman, said that Kapolei's existing shopping outlets are inadequate and that there's a need for a large-scale center, especially with a department store. "As the community grows, the more shops the better," she said. "Now we'll have something for everyone. I think it's wonderful."

Doug Smoyer, founder and chairman of local retail and real-estate consulting firm Retail Strategies Inc., said he sees some demand, though not overwhelming demand, for a 250,000- to 300,000-square-foot shopping center in Kapolei. "I'd say (the developers) have to be in it for the long run," he said.

The mix of tenants at Kapolei Commons would be similar to that of Kahala Mall, which has a department store, large book- and-music retailer, fashion retailers and other specialty shops and dining. But the layout would be more akin to a Main Street or village square atmosphere known in the industry as "lifestyle centers."

Tema said tenant recruiting efforts are in initial stages of discussion with retailers from the Mainland and Hawai'i. He said everyone contacted has shown interest, but he said it would be premature to disclose names of prospective tenants because none has committed to the project.

"We still have a lot of work in front of us to bring this project to reality," Arce said. "But we are confident it's the right use, in the right location, at the right time."

With leasing and permitting work ahead, Arce said it would probably be early 2007 before construction could begin, with the first tenants opening roughly nine to 12 months after that.

The MacNaughton/Kobayashi partnership, called MK Kapolei LLC, purchased the 20-acre site from Campbell affiliate Kapolei Property Development LLC for an undisclosed price. The city for property tax purposes values the site at \$8.6 million. The lease option is with another Campbell affiliate Aina Nui Corp.

This is the third large project on which the MacNaughton and Kobayashi groups have teamed. The two Honolulu firms are partners developing the Hokua luxury residential high-rise in Kaka'ako, and are involved in a planned residential tower tied to a Pflueger automobile dealership downtown.

MacNaughton Group's projects besides Waikale Center include Maui Marketplace, redevelopment of Moanalua Shopping Center and a planned 22,000-square-foot retail and office building in Kapolei.

Kobayashi Group projects include the state office building in Kapolei, the area's high school and middle school, and Kapolei Kai, a 204 single-family home subdivision.

The Kapolei Master Plan, adopted by the city in 1977, calls for 32,000 acres of development on mostly former canefields owned by Campbell Estate. The 890-acre city of Kapolei broke ground in 1990.