



U.S. REALTY  
PARTNERS, INC.

## CASE STUDY

# LAHAINA CANNERY

SHOPPING CENTER  
LAHAINA, MAUI, HAWAII





# LAHAINA CANNERY

## SHOPPING CENTER

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<b>Acquisition</b>	June 2016	
<b>Anchors</b>	Safeway and Longs Drugs (CVS)	
<b>GLA</b>	130,599 SF (Acquisition) 145,839 SF (Currently)	
<b>Acres</b>	15.33	
<b>Type</b>	Fee Owned Land	
<b>Built</b>	1989	
<b>NOI</b>	Acquisition	<b>\$3,750,000</b>
	At Completion	<b>\$6,900,000</b>



## OVERVIEW

- Lahaina Cannery was 86% leased at acquisition.
- Safeway's store measured 37,651 square feet and was a top-performing store (out of more than 2,000 locations Albertsons/Safeway).
- We acquired the Lahaina Cannery for \$64,750,000 (\$496 PSF) in June 2016.

## BUSINESS PLAN

The value-add plan was to expand Safeway to approximately 65,000 square feet; add a Safeway fuel pad; add a new drive-thru fast food pad; and build approximately 10,000 square feet of new shops adjacent to Honoapilliani Highway. Additional improvement plans include the downsizing and renovation of the enclosed mall area and renovated entrances, replacement of underperforming tenants with more robust high volume tenants; development of a new food court; and updating exterior facades, hardscape, landscape and signage.



## CHALLENGES

- Obtaining entitlements and building permits in a Special Management Area (SMA) of Maui near the shoreline where regulations are in place to protect coastal resources.
- Expand and renovate Safeway while remaining open 24 hours per day during construction.
- The COVID pandemic in 2020 restricted all travel to Hawaii for over 6 months and shut down much of the property.
- Executing a refinance during the height of COVID in 2020.
- Managing 300 basis point increase in interest rates.
- August 2023 wildfires in Lahaina that burned most buildings within 1.5 miles to the north and south of the center and shut down most operations at the property for 8 months.

## EXECUTION

- Entitled and expanded Safeway to 65,000 SF and executed a new 20-year lease. The grand opening of the completely renovated store occurred in the 4th Quarter of 2018.
- Negotiated a 20-year ground lease for a Safeway fuel pad, obtained entitlements and delivered a new pad with utilities to Safeway in 2022.
- Relocated and expanded ABC Stores to 4,500 SF under a new 10-year lease.
- Entitled, built, and leased a new 9,700 SF pad building anchored by Bank of Hawaii.
- Demolished the old food court and created a dynamic new food hall anchored by five permanent food trucks and a food truck bar.
- Created a new interior mall entry between Safeway and ABC Stores.
- Renovated and modernized the interior mall area.
- Renovated the exterior of the buildings and updated the paint scheme.
- Renovated the hardscape and landscape.
- Achieved 96%+ lease-up.

# SITE PLAN: BEFORE AND AFTER



## EXTERIOR RENOVATIONS

BEFORE



AFTER



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## FOOD COURT RENOVATIONS

BEFORE



AFTER



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## PHASE 2B RENOVATIONS

BEFORE



AFTER



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## HIC INTERIOR RENOVATIONS

BEFORE



AFTER



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