

Group plans up to 2,000 homes near Waikoloa

By Nina Wu
Pacific Business News

San Francisco-based Lynch Investments is planning its first development on the Big Island.

Waikoloa Heights, north of Waikoloa Village, will offer 270 single-family lots on 111.5 acres in the first phase of a master-planned residential community by Lynch Hawaii Development LLC in the South Kohala area.

The developer calls the project a "rural town" concept, and said it would take into consideration the unique characteristics of the area, including the varied topography, landscape and vistas of ocean and mountains.

The project is in the process of obtaining permits and completing designs and no date has been set for sales to begin.

Lynch Hawaii Development, an affiliate of Lynch Investments, is a real estate investment firm that acquires, develops and manages commercial and residential real estate assets.

Its most recent acquisition was of the Makalei Golf Course last month for an undisclosed price.

Partners include Thomas H. Yamamoto of Lynch Hawaii Development, Jim Milway of Lynch Investments, James Leonard of PBR Hawaii and Ren Sanford of C and H Properties.

Land acquisition

In April, Lynch acquired 866 acres of residentially zoned land that now is the site of the first phase of the Waikoloa development.

Los Angeles-based Oaktree Capital Management, which acquired the land in 2001, sold the property to Lynch at an asking price of \$10 million through Hilo broker Joel LaPinta after it had been on the market for more than six months.

Oaktree, which also owns the Turtle Bay Resort and The Windsor on Hobron in Waikiki, acquired the parcel in 2001 for about \$16 million.

Last month, Lynch Investments purchased the 1,652-acre Makalei Golf Course from Makalei Hawaii Corp., and plans to make improvements.

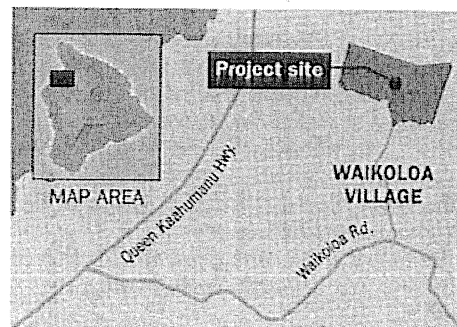
For Waikoloa Heights, Lynch plans a \$4.8 million extension of Paniolo Drive, along with the installation of utilities.

Lynch hopes to begin construction of phase one in the second half of this year, and will build it over three years.

The developer also plans to build about 30 affordable housing units built in accordance with county guidelines.

In its master plan, Lynch plans to build 2,000 homes over 10 years on the 866 acres,

Waikoloa Heights



AT-A-GLANCE

Developer: Lynch Hawaii Development
Phase I: 270 single-family lots on 111.5 acres

Targeted construction: Second half of 2005
Master Plan: 2,000 units on 866 acres

SOURCE ♦ LYNCH HAWAII DEVELOPMENT LLC

mostly single-family homes, with a few multifamily developments clustered around a town center.

Room for more

Waikoloa Heights is one of a growing number of large-scale developments on the Big Island.

Among them are Kolea, a luxury development by Centex Destination Properties, Stanford Carr's The Fairways at Mauna Lani, and the Waikoloa Colony Villas in the Waikoloa Beach Resort.

The Waiulaula at Mauna Kea Resort broke ground in November with plans for 102 fee-simple homes in a gated community by Moana Ikena LLC.

"There's room for more," said real estate analyst Ricky Cassidy, who tracks the new developments. "What they're offering isn't going to compete too much with any of the high-end resort developments along the beach or within the resort communities."

Cassidy estimated the lot prices at Waikoloa Heights will go on the market at about \$350,000 and up, based on comparable projects. Custom-designed homes would cost another \$225 per square foot and up, he said.

The new development will be located north of county lands and Waikoloa Village, where Castle & Cooke is planning Wehilani at Waikoloa, offering a mix of condominium town houses, single-family homes and estate lots.

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