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Executive Insight

Jon Wallenstrom develops a legacy

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Jon Wallenstrom has moved from being the president of Forest City Hawaii to start his own business called Alakai Development with Cayenne Pea.

[Jon Wallenstrom](#) majored in history in college and wrote his thesis on medieval Welsh ecclesiastical history.

“My solid liberal arts-focused education was very good for me but I had no practical training,” the principal at Honolulu-based residential development firm Alakai Development, told Pacific Business News. “My father, however, sold lumber and really because of him I was able to get summer jobs doing construction. I love building things.”

After graduating from Princeton University, the Kailua resident knew he wanted to build things but didn’t know what a developer was.

He moved to Hawaii when he was still figuring out how to realize his career desires.

“I lived here for about three years at the absolute depth of the recession when the Japanese bubble burst,” Wallenstrom said. “My parents live in the Washington D.C. area and I had interviewed with a company that was opening an apartment development office in the D.C. area. I then spent about 15 years developing apartments on the Eastern Seaboard from Boston to the Carolinas.”

He eventually made his way back to the Islands and became the head of [Forest City Hawaii's](#) operations, where he developed the 499-unit Kapolei Lofts rental apartment project in West Oahu, along with six large solar energy projects and thousands of homes.

Wallenstrom has moved from being the president of Forest City Hawaii to start his own business called Alakai Development with Cayenne Pea. Alakai Development focuses on developing apartment communities in the state.

PBN caught up with Wallenstrom to see what is the biggest mistake he's made in business and who inspires him.

What's the biggest challenge of your job? I am very fortunate as I have only done projects that I feel make very positive contributions to society. Here in Hawaii I have been a part of terrific teams that have redeveloped the Navy and Marine Corps housing. We have developed renewable energy projects, and most recently developed Kapolei Lofts, a Class A apartment community that houses Hawaii's workforce. Kapolei Lofts has a mix of one- to three-bedroom apartments with mandated affordable rents and market rents. With bias, it came together in a way that I am very proud of.

The challenge for me is that I don't want to create a commodity but would like to create very special things for Hawaii's workforce. Apartments fit with my values since we would welcome a Japanese real estate baron or Silicon Valley billionaire to our homes but it is much more likely that we will house people who are adding to our economy and society through their hard work here in Hawaii. I want to have a value-based company and I don't want to create commoditized housing. Doing that in a place with very high costs and a bureaucracy that is more difficult than anything I have seen on the Mainland is tough. If everything comes together, as it did with Kapolei Lofts, the results can be pretty special. Finding an opportunity that will allow us to improve upon our successes as Kapolei Lofts is difficult.

What's the biggest reward? Being a developer is wonderful since you are creating a legacy. Everything that I have done will likely outlast me and I get to touch and feel the results. I like the responsibility associated with my profession.

What is the biggest mistake you've made in business? During the development process, every project that I have ever built hits a place where it momentarily dies because costs are too great. It is particularly tough when developing housing for the workforce since you can't really hope that rents will increase to the point that you can cover the costs. There is always an exercise that happens with the construction team to reduce cost. The first deal that I developed sits right on the Washington D.C. beltway. I

eliminated some of the important exterior features on the community. The project ultimately won some awards and was very well received but every time I visit my mom I drive past the community and cringe as I look at some of the choices that I made.

What is the most important lesson you've learned? Follow your conscience and stick to your values.

What is hardest thing you have had to do in business? I don't like firing or laying off people.

How many people work for you? Right now there are just two of us and I don't see us getting too much bigger. When Forest City was at our peak there were about 240 folks with whom I worked and that was great, but I'm now at a point in my career where I only want to do select projects that I can really concentrate on. Development can be a lot of things and I have learned that I'm best at some of the creative aspects whether it is design or financing.

How do you hire? Even when I was with Forest City I kept the organization as small as I could so I have never done a bunch of hiring. I have been very lucky to work with wonderful people over the course of my career and I would like to think that I hire people with special skills, but most importantly, matching values.

How do you retain employees? I would like the people with whom I work to share a similar vision. From a career perspective, I think that I am the luckiest person in the world. I get to create things that help people and that I get to touch and feel. If members of my team like the things that we are doing, I am hopeful that they will stick around or maybe head off to create their own company and vision.

When do you get your best ideas? At home at night.

How do you start your day? I am pretty good about doing some form of exercise. I will jog, do push-ups and sit-ups or some other form of exercise. I have been pretty disciplined about this for the last couple of years and following this practice has been very good for me.

Who is your mentor? A funnier question is, "who is my idol." When I was growing up I had two idols: O.J. Simpson and James Rouse. I don't talk about O.J. anymore, but James Rouse was a developer who really followed his values and did great things in cities that needed help. I lived outside of Baltimore and he turned the city around. I am pretty certain that I am doing what I do now because of him.

Who inspires you? Right now I am inspired by the people who marched right after the inauguration.

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