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Real Estate

Blackstone buys Hawaii rental complex for \$197M

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COURTESY FOREST CITY HAWAII

Forest City Realty Trust has sold the 499-unit Kapolei Lofts rental complex in Hawaii to an affiliate of Blackstone Group for \$197 million.

An affiliate of Blackstone Group bought Forest City Realty Trust's last Hawaii property, the 499-unit Kapolei Lofts rental project, earlier this month for \$197 million.

BRE Kapolei MF Property Owner LLC closed on the acquisition on Aug. 7, according to the deed signed by [Anthony Beovich](#), managing director of real estate at Blackstone (NYSE: BX) in New York.

Blackstone also acquired the fee to the more than 17-acre property in the transaction from Kapolei Properties LLC, an affiliate of the James Campbell Co., which was the ground lessor and lead investor in the project. [Steve Kelly](#), vice president of development at Kapolei Properties, declined to comment on how the purchase price was distributed.

"From our standpoint, Kapolei Lofts has become a vibrant new community in the heart of Kapolei while providing modern affordable apartments for many new residents. We're very pleased with our investment that helped build the project," Kelly told Pacific Business News in an email. "Blackstone's purchase of the project is an example of Kapolei being attractive to high quality investors, and it also bodes well for the feasibility of future apartment projects of this type in Kapolei."

Forest City Realty Trust (put the 15-building complex at Kapolei Parkway and Wakea Street [back on the market](#) with no asking price earlier this year, nearly two years after first listing it. Institutional Property Advisors, a division of Marcus & Millichap, and Honolulu-based Commercial Asset Advisors, represented Forest City.

The purchase price, which may be [one of the largest this year](#), is dwarfed by another Blackstone purchase earlier this year, the \$1.1 billion acquisition of the Grand Wailea resort on Maui from Singapore's sovereign wealth fund. Blackstone also bought Turtle Bay Resort at [the end of last year](#) for \$332.5 million.

Cleveland, Ohio-based Forest City, which had developed military housing for the Navy and the Marine Corps in Hawaii under a public-private partnership, exited the Hawaii market after becoming a real estate investment trust. Forest City sold its 6,800 military housing units to Hunt Cos., which owns and manages the properties under its Ohana Military Communities division.

Meanwhile, Forest City [last month agreed](#) to be acquired by Brookfield Asset Management (NYSE: BAM), whose affiliate, Brookfield Property Partner [plans to close on its transaction](#) to acquire mall-owner GGP, the majority owner of Ala Moana Center, next week.



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