



Hilo Hattie to open new flagship in Waikiki

The retailer plans a \$10 million store at the Royal Hawaiian Shopping Center

By Allison Schaefer
aschaefer@starbulletin.com

Hilo Hattie, one of the state's largest shopping attractions, announced plans yesterday to open a \$10 million flagship store in the Royal Hawaiian Shopping Center -- its first Waikiki location.

The chain, which opened as Kaluna Hawaii Sportswear 43 years ago on Kauai, has been headquartered in its 80,000-square-foot showroom, manufacturing center and warehouse at 700 N. Nimitz Highway since 1983. Plans for that structure, which has won several beautification awards, are yet unknown, said Paul deVille, president and chief executive of **Pomare Ltd.**, which does business as Hilo Hattie.

The new 29,000-square-foot retail center, slated to open at Royal Hawaiian Shopping Center in early summer of 2007, will be the chain's largest and most prominent retail venue to date. Hilo Hattie operates seven stores on all the major islands, attracting approximately 2.5 million visitors and kamaaina shoppers each year. It also has stores in Orange, Calif., San Diego, Las Vegas and Orlando, Fla.

"Moving to Waikiki represents a new chapter in the 43-year history of Hilo Hattie," deVille said. "Waikiki is the hub of the visitor industry, and we are committed to be part of the growth of this dynamic business."

Although Hilo Hattie has captured a 73 percent visitor awareness rate, tourists must drive, bus or take store trolleys to the Nimitz Highway store. So it makes sense for the chain to have a presence in Waikiki, the epicenter of the state's \$11 billion visitor industry, deVille said.

"We've done just fine capturing people as they look for trolleys in Waikiki, but in Royal Hawaiian Shopping Center we saw an opportunity to fish where the fish are," he said. "Ninety percent of our customers at Nimitz Highway come from Waikiki."

Establishing a new visitor location also fits into Hilo Hattie's plan to reposition its existing 9,000-square-foot Ala Moana Center store into a favorite among kamaaina shoppers, deVille said.

"When we move to Waikiki, we want to make sure that we don't lose our local market," deVille said. "In the last month, we've stocked the Ala Moana store with a kamaaina collection that has been very popular with local shoppers."

Hilo Hattie's new store, along with an Oahu sales office, will be next to the Cheesecake Factory in

the Royal Hawaiian Shopping Center's Building C. The new store, 25 percent larger than the retail space at its Nimitz Highway site, will offer the same amenities such as a shell-lei greeting and juice, but will also include round-the-clock entertainment, ranging from music and dance to craft lessons.

"The rents in Waikiki are different than on Nimitz, and in order to justify them we have to start with the presumption that we are going to have a substantial boost in revenues," deVille said.

The Royal Hawaiian Shopping Center also is expected to garner additional revenue from the deal, which came about following months of discussion, said Rosalind Schurgin, principal of the **Festival Cos.**, which is developing and managing the center for Kamehameha Schools.

Hilo Hattie's two-level store, occupying the first and second floors with direct access from Kalakaua Avenue, will further enhance the \$84 million revitalization and repositioning at the Royal Hawaiian Shopping Center, Schurgin said.

"This is a very important deal to the Royal Hawaiian Shopping Center both for their size and for the draw that they offer as the store of Hawaii, which appeals both to kamaaina and tourists," she said.

With the Hilo Hattie announcement, newly created space within the shopping center is 58 percent leased, Schurgin said.

"Today we have 64 deals complete with another 30 or so in the final stages of negotiations," she said. Designer retailer Kate Spade also will join Hilo Hattie's in adding a flagship to the center, which has long been one of the Festival Cos.' top performers.

Kalakaua Avenue, which fronts the Royal Hawaiian Shopping Center, was listed as the fifth most expensive retail street in rent per square foot in North America late last fall by **Colliers International**, she said. The list, published in Women's Wear Daily, ranked Kalakaua with destinations like Fifth Avenue, Rodeo Drive, Geary Street/ Union Square in San Francisco and North Michigan Avenue in Chicago, Schurgin said.

"Our repositioning, which will change 90 percent of the center, aims to target the changing visitor mix in Waikiki and capture the pent-up demand for quality space on Kalakaua," she said.