



Posted on: Wednesday, February 15, 2006

Developer buying into Ilikai hotel

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Local developer Brian Anderson has arranged to buy a large part of the Renaissance Ilikai Waikiki Hotel in a deal that would considerably add to the growing portfolio of Hawai'i hotel properties for the Big Island-based real estate investor.

The sale is expected to close as early as April 7, and not result in any job losses for Ilikai employees. A purchase price was not disclosed.

But the future use of the hotel is uncertain. Anderson, through project consultant Patrick O'Neill, said he has not determined what he will do with the property if the sale closes as expected.

"No final plans have been made," O'Neill said. "It's all really up in the air."

Anderson, through affiliates of his firm Anekona Properties, has bought several Hawai'i hotels in the past few years, converting most to condominiums sold by the unit to individual buyers as residences or vacation rental investments. Other hotels acquired by Anderson have remained in hotel use.

The Ilikai, a two-tower high-rise with about 1,360 noncommercial units, is one of Waikiki's largest properties. The Y-shaped Ilikai Apartment Building — with roughly 575 condominiums, 345 hotel units and 80 time-share units — was built in the 1960s with a mix of mostly hotel rooms and some residential condos. The Yacht Harbor tower has 358 hotel units.

About 700 units today are in hotel use. Another roughly 270 units are independently owned condos. And 80 units are part of a time-share operation by Shell Vacations.

Shell's time-share units are not part of Anderson's pending purchase. But O'Neill said it was premature to say how many other units are being acquired because terms of the deal could change. Alan Cambra, Ilikai general manager, said the purchase involves 703 hotel units.

Forward One LLC, a California firm affiliated with the Zen family of Taiwan, is the owner of the hotel. The company purchased Ilikai hotel operations in 2000 from a subsidiary of the Industrial Bank of Japan for about \$57 million, and in 2002 completed a \$27 million renovation.

Last year, Shell bought its 80 units from Forward One for \$28.7 million, according to property records.

Anderson's business Anekona has been in the commercial and residential real estate development business since the late 1980s. Recently, Anderson has been focused on converting hotels for sale as condos.

The developer's most recent purchase was the 48-room Marc Waikiki Royal Suites on Beach Walk last year. The property, now known as the Regency On Beachwalk, is being upgraded with an "urban-resort chic theme" and prepared for sale as private residences.

On Kaua'i, Anderson similarly converted the Kauai Beach Resort for sale by the unit last year. The developer paid \$58 million for the 350-unit beachfront property, and is spending more than \$12 million on renovations. The first 200 condos sold for an average of \$335,000, or \$67 million in total. A second phase of 100 units is for sale.

Other hotel conversions by Anderson include Kaua'i's Islander on the Beach, Royal Sea Cliff on the Big Island and the

former Waikiki Terrace Hotel, now known as the Outrigger Luana Waikiki.

Anderson also owns the 50-room W Honolulu-Diamond Head hotel in Waikiki and the 216-unit Aloha Beach Resort on Kaua'i that continue operating as hotels.

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Correction: A previous version of this story underreported the number of condos and total units at the Ilikai.

[Back](#)

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