



SOFOS REALTY
CORPORATION

Corrected
LATE TESTIMONY

Commercial Brokerage • Property Management

February 13, 2012

VIA FACSIMILE 586-8479

Honorable Representative Angus L. K. McKelvey, Chair
Honorable Representative Isaac W. Choy, Vice Chair
House Members of Committee on Economic Revitalization & Business

**RE: TESTIMONY IN SUPPORT OF HOUSE BILL HB1829 - RELATING TO LEASES -
HEARING SCHEDULED FOR TUESDAY, 02/14/2012,
AT 8:30 AM, STATE CAPITOL, CONFERENCE ROOM 312**

Dear Honorable Chair Angus McKelvey, Vice Chair Isaac Choy, and Members of the House Committee on Economic Revitalization & Business:

I support passage of House Bill HB1829 which would require Lessors of commercial and industrial properties to afford Lessees the option of renewing their leases at expiration and require in renegotiations that a rent based on fair market value shall apply even if the value is lower than the existing rent and the contract bars the lowering of rent upon renegotiation.

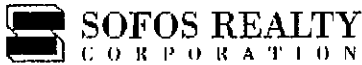
The majority of business properties are on on leasehold lands due to scarcity of available fee simple properties. In fact studies show that 60% of businesses are on leasehold properties. Hundreds of leases will expire in the very new future. A number of leases have already expired without the leases being extended. This has resulted in closures of businesses that have provided a valuable commodity to Hawaii consumers for years. Other businesses have had to relocate at much cost due to relocation fees and cost of reconstruction of buildings and other improvements. If lessors are unwilling to extend leases at reasonable rents, this could result in closure of many more businesses since there is a scarcity of available and suitable properties available for such businesses to relocate to. Lessors could demand more rent than they are currently receiving as they know of the scarcity of available land their lessees could relocate to along with the high costs of relocation. Unfortunately this not only affects businesses but also we the consumer because invariably the increased costs are passed on to the consumer by increased costs of products and services.

I urge your approval of this bill.

Please approve HB1829.

Aloha,

S. Steven Sofos (B)
President/CEO



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Dear Honorable Chair Angus McKelvey, Vice Chair Isaac Choy, and Members of the House Committee on Economic Revitalization & Business:

PETITION:

We support passage of House Bill HB1829 which would require Lessors of commercial and industrial properties to afford Lessees the option of renewing their leases at expiration and require in renegotiations that a rent based on fair market value shall apply even if the value is lower than the existing rent and the contract bars the lowering of rent upon renegotiation.

Hawaii has a very high disproportionate amount of business properties on leasehold lands with hundreds of leases beginning to expire in the very new future. If lessors are unwilling to extend leases at reasonable rents, this could result in closure of many businesses since there is a scarcity of available and suitable properties available for such businesses to relocate to. There would be more leases expiring as compared to the number of available properties such businesses could relocate to. This could also result in lessors charging exorbitant rents since the lessor is currently not requires to renew leases with current tenants and lessees would face extremely high costs in relocation and reconstruction cost. In either case, the results would negatively impact the consumer by increased costs of products and services.

We urge your approval of this bill.

Print Name	Signature	Address
S. Steven Sofos		3228 Oahu Avenue, Hon HI 96822