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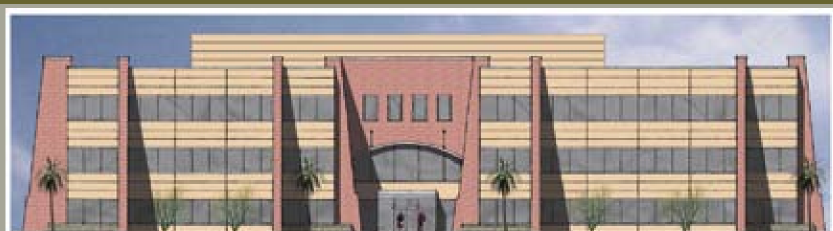

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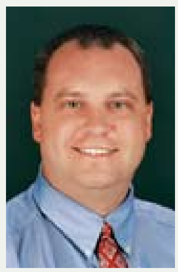
Southern Nevada Commercial Real Estate Guide

From the editor ...

Dear readers,

North Las Vegas has gained national attention for its population growth. As all of those people move here, the prospects of commercial development in that city are flourishing.



According to the census bureau report released earlier this month, North Las Vegas is the fourth fastest-growing large city (with a population of more than 100,000) in the U.S. It sits only behind New Orleans, Victorville, Calif., and McKinney, Texas. As of July 1, 2007, North Las Vegas' population stood at 212,114 — up 7.4 percent from the previous year.

With the influx of people, commercial plans have been on the rise. Long known as an industrial hotbed in the Las Vegas Valley, the city now boasts a variety of new retail, office and gaming ventures.

Inside this edition of CRE, which focuses on North Las Vegas, you'll find an update on Station Casinos' new property, Aliante Station, which is scheduled to open later this year. It will feature 212 rooms, a 16-screen movie theater and six restaurants.

You'll also find stories about the new VA Hospital going up, two new retail centers (Cheyenne Point and Las Flores) and a feature on the MAC Window Factory.

Additionally, you'll find more of our popular Realty Check guest columns. In this edition, you'll find insightful articles from John Restrepo (Restrepo Consulting Group), Rob Silecchia (SR Construction), Dr. Robert Fielden (RAFI Architecture) and David Driscoll and Jeremy Moskowitz (Lakeside Mortgage).

We'll be back with another edition of CRE in October, where we'll feature the winners of our annual SIR Awards. It's not too late to nominate those making their mark on the construction industry. See the ad on page 20 for more details.

Rob Langrell
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Inside

ON THE COVER: The new Station Casinos' Aliante Station prepares for a Nov. 11, 2008, opening.

A word from our sponsors ...

Dear *In Business Las Vegas* readers,

Welcome to the summer edition of the In Business Las Vegas Commercial Real Estate Guide.

While the economic climate has been very tough in our business, we have been able to hold our own as a company, retaining our clients and growing our property management and leasing base.

Gatski Commercial Real Estate Services now has around 6 million square feet in our portfolio valley wide. We offer brokerage services and leasing, commercial property management services, in-house building maintenance and landscaping services.

We are focusing on ways to better serve our clients, streamlining the way we are communicating with clients and tenants. These initiatives help us educate clients about what is happening with their properties and to work with them more effectively.

We are also getting very creative at leasing, coming up with very new and effective strategies for finding new tenants.

Among other news and commercial developments, this edition spotlights the growing area of North Las Vegas. The work we do in the North Las Vegas area is diverse and growing, just like North Las Vegas itself. The North Las Vegas properties in our portfolio include retail and office as well as industrial and warehouse.

Frank Gatski, CPM, CCIM
President
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Dear *In Business Las Vegas* readers,

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We also achieved MEF 14 compliance, a distinction from the global Metro Ethernet Forum, the hallmark of carriers who deliver advanced Ethernet services.

In addition, Cox Business is the first cable operator to join the Session Initiation Protocol (SIP) forum — a development that demonstrates our commitment to advanced voice services.

Finally, Cox Business Las Vegas was just approved by the General Services Administration for a Schedule 70 program. This distinction allows us to support local, state and federal government agencies with a full suite of high-speed Internet and advanced data solutions across Southern Nevada.

As you can see, Cox Business offers the sort of industry accolades that illustrate a high level of customer satisfaction and advanced capabilities that spell success for your company.

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At Cox Business, we're striving to be your trusted provider and the right choice for all your communications needs.

David Blau
Vice President and General Manager
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Realty Check
Meet the experts

JOHN RESTREPO
Principal – Restrepo Consulting Group

For 20 years, John has provided economic consulting services and has directed more than 400 real estate and economic studies in the Southwest. He has prepared quarterly market surveys tracking the valley's industrial, office and retail markets since 1990. Restrepo Consulting Group is the oldest and most-established economics and public policy research firm in Nevada. John has a B.A. in economics from the University of Louisiana and a M.A. in economics/Latin American studies from Louisiana State University.

ROB SILECCHIA
Vice President — SR Construction

Rob brings more than 25 years of sales and management experience to SR Construction and is responsible for the implementation and execution of all development activities within the organization. He is an active member of the National Association of Industrial and Office Properties, a member of the Nevada Development Authority and an associate member of the Society of Industrial and Office Realtors and the Certified Commercial Investment Member. He attended Fairleigh Dickinson University in Teaneck, N.J., where he received his bachelor's degree in business management.

DR. ROBERT FIELDEN, NCARB, FAIA
Senior Principal — RAFI: Planning, Architecture and Urban Design

Robert is a senior principal with RAFI, a multifaceted planning, architecture and urban design firm. In 1967, he received the state's first major design award for UNLV's chemistry building. His long history of design excellence for public and private sector clients include projects in Carson City, Reno, Stead, Elko, Caliente, Mesquite, Las Vegas, Henderson, Boulder City, North Las Vegas and Jean. Robert holds a doctorate in architecture from the University of Hawaii at Manoa.

DAVID DRISCOLL AND JEREMY MOSKOWITZ
Loan Officers — Lakeside Mortgage

David and Jeremy are mortgage brokers and loan officers for Lakeside Mortgage Co., a wholly owned subsidiary of Kafoury, Armstrong & Co., Nevada's oldest and largest privately owned CPA firm. Lakeside uses private and institutional financing for residential and commercial properties. David is a member of Vegas Young Professionals, a past president of Reno's 20-30 club and is involved in Lakeside/Kafoury, Armstrong & Co.'s MAP program. Jeremy is a member of Vegas Young Professionals and is also involved in the MAP program.

Channeling green

New LEED-certified Vegas PBS building will reach out to community

By Brian Sodoma
Special Publications writer

Tom Axtell, general manager for TV station Vegas PBS, believes he will have one of the biggest stories to surface during next April's National Association of Broadcasters convention. The new Vegas PBS/Educational Technology Campus, at the northeast corner of Flamingo Road and McLeod Street, will be on display for media types around the globe during the convention.

And Axtell is more than ready to tell them all about it.

"When we started designing this facility, we pretty much said 'we don't want to just build another TV station,'" Axtell said. The new campus, a partnership between the station and the Clark County School District, will be far from that.

Going Green

For starters, the site will pursue a LEED (Leadership in Energy and Environmental Design) Gold certification. And the campus' green-building benefits start in the parking lot.

Using a white, fly ash blend of cement that reflects about 80 percent of heat, the 'heat island' effect of a traditional asphalt parking lot will be mitigated considerably, said Axtell. A heating and cooling system using 400-foot-deep geothermal wells will also help to reduce energy bills by 20 percent. In total, the 112,000-square-foot, $46 million facility is expected to use about 35 percent less energy than its traditionally built equivalent, and the new 300-seat television studio alone will use about 65 percent less energy than the station's current studio.

Acoustic ceiling tiles will be made of 80 percent recycled materials and reflect 90

The new Vegas PBS building features an open-space reception area that is both welcoming and functional.

"When we started designing this facility, we pretty much said 'we don't want to just build another TV station.'"

Tom Axtell
General Manager
Vegas PBS

percent of light, while 13-foot ceilings will allow considerable daylight into the space. A louver system will distribute lighting in larger rooms with censors that make sure light is evenly dispersed. A second-floor cafeteria will also have rooftop grass, and a drainage system will be in place to recirculate water to the site's landscaping. And perhaps the biggest splurge of all comes with a $1.9 million, 715-kilowatt solar installation.

Education, technology and TV meet

The Clark County School District's Virtual High School will occupy half the building. The virtual school that began in 1978 with 268 students now has more than 5,000 enrolled annually. Currently, teachers are in portable classrooms scattered around the district. But the new building will provide a central location for teachers and assistants to instruct and meet with students. "The vision for the district was to create a place where students and instructors can physically meet as well," Axtell added.

The site is also designed to promote civic engagement beyond the high school student. Classrooms are flexible and can be changed from simple meeting spaces to rooms with computer-instruction stations; some rooms can even be converted to a small television studio for town hall meetings. "The idea was to get multiple functions out of every room. I don't want to create rooms that are going to be empty half the year," Axtell added. A science lab on site allows advanced placement science students to take virtual courses while having access to the hands-on components of the class. "In Clark County, if you want to take advanced placement science today, you have to have eight students in the class. If only three sign up, the class is cancelled. This facility will allow [fewer than eight] students to take the class," the manager added.

The building also has what Axtell refers to as four "mini-studios" designed to create original content for educational courses. Axtell hopes the rooms allow for future public/private partnerships with local trade organizations that may need to create their own workforce-development training programs. "We've already had some groups express interest. For us, as long as the high school's not using it, they're welcome," Axtell added.

Security and emergency response

Perhaps the greatest benefit for the community is the fact that digital-production and digital-distribution facilities on site will allow for information and programs to be distributed along different communication formats like iPods, Internet, television, satellite, cable networks and more. With the building's ability to store, aggregate and distribute school, public safety and educational data seamlessly, the site is critical to emergency response situations.

"In a Columbine situation or in the case of a terrorist attack, we can distribute information to the police, fire or whoever needs it," Axtell said.

The structure is also built to withstand an earthquake with a seismic impact of 1.5. Crumple zones allow for the building's central data storage area to survive a tremor as well. With its dizzying list of attributes, the Vegas PBS/Educational Technology Campus is what Axtell refers to as a "signature project for the industry."

And we're sure the industry will agree. cre

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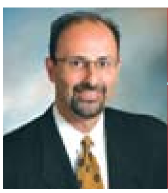

Rob Silecchia
SR Construction

In today's world of commercial health care design and construction, the design/build approach to developing medical office buildings (MOB) is gaining popularity as the favored delivery method by physicians who are taking a more active role in owning and developing their own facilities. Like most busy physicians, taking the leap from running a successful medical practice to becoming an owner/developer of an MOB comes with a series of critical judgments and decisions. As a result, the design/build delivery method can prove to be a key element in the success of health care projects for physician owners as they venture into the development world.

The design/build delivery method establishes a project team that's led by the design/builder (general contractor) and includes the architect and engineering consultants prior to starting the design process. The design/build approach provides the owner with a single contract and single source of responsibility and creates an atmosphere of collaboration. The design/build approach is also the preferred method for owners who require fast track project schedules because this method minimizes the transition from design to construction — a result of the general contractor being on board from the beginning of the project.

With the design/build project team in place, it sets the tone for an improved product, faster schedule, more accurate budgeting and the potential for enhanced value and project success. Having the owner, general contractor and architect collaborating within the design/build process creates an opportunity for establishing the best possible project outcome. The team approach to developing the true project budget, researching constructability methods, insuring code compliance, evaluating cost alternatives, identifying potential conflicts sooner and minimizing coordination issues during the design phase allows for a more efficient and cost effective construction phase.

Windmill Medical Center is just one of SR Construction's design/build medical office projects.

An added benefit of the design/build process is that the design/build general contractor will enlist the input of key qualified subcontractors early in the design phase to further enhance project budgets, review constructability or determine methods to enhance schedule or reduce cost. Conceptual and cost estimating are implemented more frequently during the design phase to insure that the project budget the design/builder and owner set does not escalate.

The advantages of the design/build process create opportunities for everyone on the design/build team. From the owner's perspec-

Artist's renderings of Summerlin Hospital Tower (left) and Centennial Hills medical office building (above).

tive, there is one contract with the design/builder who performs as team captain. There is single-source responsibility by the design/builder for the entire project. When the owner has a question, there is no ambiguity between architect and contractor. The design/builder assumes all responsibility. Accountability is better managed, questions regarding the project are answered more quickly, project budgets and cost estimates are established earlier in the process and risk management is improved as requests for change orders are reduced. From the architect's perspective, relations with the general contractor are less adversarial, there is greater collaboration between architect and contractor as they are both working together from the start, the likelihood of litigation is reduced and cost management is improved. The general contractor benefits from the design/build process because he can work at the table with the owner and design consultants from the beginning of the project. With speed of delivery and an improved team relationship, design/build brings a better understanding of each team member's responsibilities, flexibility in reviewing different scenarios, including feedback for facilitating quicker decisions, and greater coordination among disciplines that creates the landscape for improved outcomes.

The results of a design/build project will typically yield a more streamlined and overall faster schedule since all team members are on board from the beginning of the project allowing for better overall planning, coordination, scheduling, subcontractor and material buyout. By having a design/builder directing the project team, the owner is able to establish the project budget with the design/builder prior to engaging the design, thus allowing for earlier financial planning and performa justification. This allows the team to work in line with the established project budget set by the owner and design/builder.

As some owners are not aware of the benefits of the design/build delivery system, they choose the more traditional design/bid/build method that calls for the owner to select an architect to prepare drawings and specifications. A general contractor is selected after the drawings have been completed. Under this method, architects and contractors maintain separate contracts with the owner. This can increase the risk and liability of the project. With the design/bid/build method, the design team is not partnered with the general contractor. Projects using this delivery method prove to be more challenging and require more of the owner's time. Project budgeting, due to the high cost of materials and subcontractor pricing, may not be as accurate. Also, when the general contractor is not part of the team and has not been part of the design process, there is little opportunity to review construction alternatives, recommend value options or evaluate methods to reduce time or cost.

The MacFarlane Medical Center is a successful design/build project.

A physician's time is extremely important and the design/build delivery system provides the best solution because it is a viable delivery method for complex health care projects. The main ingredients for success are the selection of an experienced health care design/builder, one who has performed comprehensive design/build services, has the ability to assemble design/build project teams and has a client philosophy for delivering projects in a fast track, team-oriented fashion. In order to better control costs, develop more accurate budgeting, plan more efficiently, maintain design quality and deliver faster project delivery schedules, studies show that the design/build approach addresses all of these key elements more effectively and economically than the design/bid/build method. cre

Lease to own

Stable Development offers equity interest to office tenants

By Brian Sodoma
Special Publications writer

For valley physicians, opening a practice can be a tiresome affair and finding a suitable facility at a reasonable lease rate the most tiring of all.

But Stable Development has leasing answers for valley doctors — as well as anyone else needing office space. Former Vestin Group Inc. president, Lance Bradford, who now heads Stable, says monthly rent checks can buy more than office space. Now, they can buy equity interest in the building.

What Stable does is simple. The firm first seeks medical professionals or other types of business people whose leases are about to expire and who are looking for other options. That's when Stable proposes the option of equity interest.

Here's how it works: Stable helps the tenant find land and then develops the site. Stable pays all up-front site costs and offers a tenant-improvement concession. The "tenant member," as Stable calls the lessee, then gains equity in the building with each monthly rent check. Ultimately, when the building is sold, the tenant receives a check for his or her share of the building and can, along the way, get a chunk of any revenue distributions as well. Come tax time, tenant members are able to write off the monthly rent as well as depreciation, added Bradford.

What may sound too good to be true to some may very well be the office-market development model of the future. Dr. Anthony Pollard, a former valley physician who recently sold his practice and is now an investor in Stable, saw the benefits of leasing to own in his own practice. "The best thing is that there's no money out of pocket up front," Pollard said. "They bring all the capital. And you get a space that is designed the way you want it."

Bradford asserts that the plan's success hinges on finding the tenant before moving forward with site or building plans. "We find the tenants, then we build," Bradford said. "We put in the capital and they [tenant members] get the opportunity to participate in the ownership of the building."

The CEO said local landowners frequently call him for an opportunity to pitch their sites — which he categorically declines. "I get a lot of those calls, but I have to tell them I'm not in the land business," he said. "When I get someone who wants to build, then I look at sites. I give them four or five options. They narrow it down, and we go from there."

Pollard added that Stable's business plan is an excellent alternative to the long-held approach of building spec space, especially since office vacancies have climbed above 15 percent valley wide as of the second quarter. "You can't do that [build spec projects] anymore, especially in this market," he explained, adding that it ultimately contributes to the high vacancy problem.

Coronado Medical Center

The $13 million, 40,000-square-foot Coronado Medical Center, Stable's fifth valley project, is the new home to Crovetti Or-

thopaedics and Sports Medicine. Dr. Michael Crovetti wanted to build a facility that housed both his office and a surgery center to help cut down on travel time between surgeries and patient visits. That's when he approached Stable.

"The huge value to these projects … is that they can design exactly what you have in mind," Crovetti said, adding that they can also do it better. "I was looking at having an office on the west side, but the drive time takes away from patient care." Crovetti also believes that, ultimately, the arrangement is better for the patient because with Stable's model, a physician can surround himself with complementary practices.

Physical therapist, Tim Soder, has offices in Coronado as well as internal medicine doctor, Monica Wall, whose 3,000-square-foot space is currently being completed on the second floor. Wall has equity interest in the project, but Soder has a traditional lease on his 5,400 square feet, which includes a gym with artificial turf, hardwood basketball flooring and ceiling netting for hitting baseballs or punting footballs and soccer balls. The 7,000-square-foot surgery center is near completion.

As for Bradford, he has taken years of experience working with developers and put together his own dream — a company with huge potential. "I've seen what developers do successfully and what they don't do successfully," he said. "Seventy percent of office space is leased, not owned. So, we believe we have a real opportunity here." cre

The reality of realty

Dr. Robert Fielden
RAFI Architecture

Do we really need a security force at McCarran International Airport? Do we need paramedics, firefighters, teachers or pharmacists? Are they really necessary? I hope your answer in each of the above instances is an emphatic,"no." We can do without any of them.

Because the reality is, tomorrow, none of the people working in any of these occupations may be able to afford to live in the valley. The list of workers is not limited to these few job categories. In fact, most of tomorrow's workforce and hourly workers, by necessity, may have to move and live elsewhere. Why? It's the reality of realty.

Las Vegas is not the first place this problem has occurred — where the cost of living increased more quickly than worker income.

Las Vegas is, however, the only place I know where there are no less-expensive communities nearby where workers can live and still commute to the valley for work. Do you think workers will move to Pahrump or Mesquite where the cost of property and housing is almost as high, if not higher, than in the valley? And, I don't think the Strip resorts will consider moving FEMA trailers onto their parking lots for worker housing as they once did for employees at the city of Stateline.

"Without taking land and a number of other soft costs out of the economic equation, affordable, workforce housing is not possible – anywhere."

Also, I don't think basic wages will rise to the level necessary for workers to live here. Not when the minimum wage just rose to $5.15 an hour (with an employee health insurance plan) or $6.15 an hour without health insurance. Will even more residents have to live in cars?

One short-term option for the new demographic moving to Las Vegas is "tripling-up" in older, less-expensive rental houses. Here, each family has a single bedroom for privacy and sleeping and shares the remainder of the house with others – like an extended family.

In other world cultures, where people live more closely and in tighter spaces, this may be a more acceptable living situation than for those raised in single-family households. By counting the high number of automobiles parked throughout older, urban neighborhoods at night, it's an indicator that local rental properties already house this new form of multifamily living and in locations strictly zoned as single-family neighborhoods.

But how much more of this kind of living can the community's social infrastructure accommodate and how much longer can the infrastructure function without severely rupturing? What effect does this denigrating, low quality of life have on the rest of Southern Nevada's society?

We already know the present threats to law and order resulting from gang violence and drugs. Will it somehow magically stop and go away or continue to expand and increase as it has in Los Angeles as more residents living in poverty increases?

Are there ways out of the reality of realty?

The late Peter Drucker, the father of American business management, taught us that the solutions to major problems in the 21st century will be too great and too complex to be solved by the business world, through government or by nonprofits alone. However, working together in new alliances and new forms of partnership, any issue can be resolved successfully.

To meet this problem, the business community, government and nonprofits have to rethink the way they work and how they can join together to achieve common goals. The business community must learn the value of process – learning to do the right thing right the first time. Government and nonprofits must learn the critical nature and importance of results – that process is a tool for achieving success, not the desired pot of gold.

So, how do these three very different parties come together to create good, affordable, socially beneficial housing for the general workforce while using tools that possess broad community support?

Here's one model to consider – and there are others available:

First, each party must come to the table as equal contributors and agree to support the goal – recognizing that each must bring something of important value to the effort to succeed. Additionally, each party must agree to work differently from the past – and contribute value as members of a team.

To succeed, there must be a way to bridge the gap between the project's cost and what the general workforce can afford to pay for housing. Also, to maximize potential opportunities for investment return, the team must be led by a nonprofit organization, whether it is the housing authority or some other reputable nonprofit agency that can publicly offer equity through tax-free bonds to outside investors.

In the case of the housing authority, it usually possesses land with value and funds it can contribute to the project. If land or funds aren't available, then the government must find the means with which to provide them. Because, without taking land and a number of other soft costs out of the economic equation, affordable, workforce housing is not possible – anywhere.

Next, government must bend its bureaucratic rules and procedures to allow the project to move ahead as quickly, smoothly and as profitably as possible.

Finally, the private sector must open its books to its two partners to insure profits are appropriate for the investment.

The nonprofit partner's role does not end with the project's completion, for it must remain, insuring that tenants meet the income criteria established for living there as well as possess the necessary social-development skills for living responsibly within a diverse, mixed-income setting. Everyone will be expected to contribute in some constructive means to offset the benefits each is receiving.

Additionally, there are daycare programs, English as a second language education, mentoring and evening and weekend adult-education programs that are necessary for insuring that residents and their family members grow to become strong, contributing community citizens and knowledgeable workers.

We can make the reality of realty work for us – but it's not easy. cre

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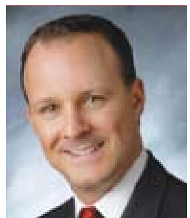
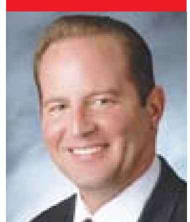


David Driscoll



Jeremy Moskowitz

Lakeside Mortgage

"Hard money" is a term generally used to describe financing that is funded by a private lender or group of lenders. A hard-money loan is generally underwritten similar to an institutional bank loan, but because the lenders are private individuals instead of an institution, there is far less red tape. In return for lending their own funds to a project or property, the lenders are typically vested as property deed holders and earn interest.

There are a number of advantages to financing with a hard-money lender. Generally, qualifying for a hard-money loan takes less time, which makes it possible to move forward more quickly. Also, hard money typically has fewer conditions and a more streamlined process that simplifies the loan procedure. Additionally, hard money can offer more flexible short-term options.

There are two main reasons to consider hard money. The first is qualification requirements. Hard-money lenders are more flexible than institutional lenders, so those having trouble getting bank approval can turn to hard-money lenders instead. In addition, institutional backing is sometimes unavailable for developing unimproved land, for the early phases of development or refinancing for the purpose of cash out.

The other main reason for using hard money is speed. Generally, hard-money transactions take weeks less, and sometimes even months less, than institutional loans. Thus, projects get off the ground sooner, have fewer construction delays and generate income faster.

Recently, we worked with a developer who was building a shopping center. His business plan centered on an anchor store that would draw traffic as well as other tenants. When he ran into bank financing delays, he risked losing the anchor tenant, and along with the anchor, the ability to attract other lessees. He also risked the ability to get future financing. With hard money, he was able to fund his project, keep the anchor store in place and attract other leases to fill his space.

Despite its advantages, the downside is that hard money is just as susceptible to market conditions as any other type of financing. Finding a reliable source for financing any type of property is not easy, and hard money for commercial properties is no exception.

Hard money is usually obtained from an individual or group of individuals who lend their own money to finance a loan.

Because property, both commercial and residential, currently has a stigma attached to it due to the market decline and bad press, many investors have moved their portfolios to other sectors. Would-be lenders have chosen to move away from real property investments or, at a minimum, reduce the amount they are willing to lend.

While the commercial market has not experienced the same bubble burst as residential, many experts predict a similar fate. Whether this is true remains to be seen, but the slightest possibility will pull many would-be lenders out of the market, especially those with less experience and understanding of what a good commercial project looks like.

That said, many projects are worth financing, and hard-money lenders are closing loans on commercial and residential property every day. The difference in today's market, versus a few years ago, is there are fewer resources to pull from and many hard-money lenders have increased underwriting standards to better protect their investors. This means fewer projects are being financed, which in the end, could prove to be a good thing.

There are, of course, a few disadvantages to using hard money. Fewer long-term options, higher interest rates and upfront fees can make these loans less attractive. But higher upfront costs are the premium paid to save time, which sometimes saves money in the long run.

When considering hard-money lending, keep in mind your timeline to make sure the term of the loan allows for ample time to complete your project and put permanent financing in place. Extensions are less likely to be granted on hard-money loans in today's market. This means once the term elapses, the entire balance of the loan may be due immediately. In the event you don't have the means to pay off the balance, hard-money lenders have the option to foreclose, placing your project at risk.

Last, hard-money lending is normally not prepayment friendly. In fact, early payment penalties can be equal to months of interest. And, negotiating the option to enable prepayment of a hard-money loan is also sometimes difficult.

However, some hard-money lenders prefer to write loans that are friendly to the possibility of extension and/or early payoff. As you investigate hard money, ask questions about longer-term options, extensions and prepayment penalties early in the process to avoid any last-minute surprises.

When applying for a hard-money loan, there are many ways to expedite the application process: collect at least two years of personal and business financials as well as year-to-date financial information; compile a detailed summary of your project including timelines and construction-cost breakdown; and most important, have an exit strategy. Also, respond quickly to information requests. Delays in providing necessary documents can stall the loan process.

The exit strategy often does not get as much attention as it deserves. In today's marketplace, having a solid plan to exit a hard-money loan through some other means can be a key piece of your overall business plan. Not just to protect your project, but many hard-money lenders look for this to protect themselves. A solid exit plan may help expedite the closing of your loan. In addition, understanding how and when you plan to exit a hard-money loan has the potential of saving you thousands of dollars in interest and potential prepayment penalties.

The bottom line is that hard-money lending is a viable resource even in today's tough marketplace, but it is not without risks. Understanding those risks and how to plan for them is key in understanding the value of hard money and using it to finance your projects successfully. cre

Rendering of Cashman Equipment's LEED Gold office, sales and service complex on St. Rose Parkway in Henderson.

The CAT's meow

Cashman Equipment's new LEED home nearing completion

By Brian Sodoma
Special Publications writer

For almost a century, Cashman family members have sold Cadillacs, Caterpillar (CAT®) equipment and Harley-Davidsons, have had baseball fields and schools named after them, all while carving out a strong working-man's reputation in an entrepreneurial city outsiders like to dismiss as fast paced, greedy and a poor steward of its high-desert environment.

But today, the blue collars at Cashman Equipment are taking on hints of green. With its new corporate headquarters at 3300 St. Rose Parkway in Henderson moving along on schedule, and likely garnering a Leadership in Energy and Environmental Design (LEED) Gold rating, perhaps even a Platinum rating if costs permit, the unlikely combination of bulldozers and environmentalism are walking hand in hand.

"We first started thinking about all of this [LEED rating] when we learned our site had geothermal potential," said Cashman Equipment's president and chief operating officer, Mike Pack. "MaryKaye [Cashman] always thought it was important to be good stewards of the environment and we wanted the building to be good for our employees too."

In 2007, the Cashman family broke ground on its 7-building complex, which will have a combined 305,000 square feet of office, sales and service space on its 52-acre site. Cashman office employees will enjoy an abundance of natural light and even the mechanics who overhaul and maintain bulldozers and graders will enjoy climate-controlled environments with natural lighting. Desert-friendly landscaping and water-efficient appliances are building standards, while computer technology attached to a MechoShade window covering system will both monitor and adjust office light while using heat gain from the glass for winter heating, said Pack. The complex sits at a 45-degree angle to St. Rose Parkway, foregoing prominent roadway exposure. "It's a small thing, but it allows us to get better sun exposure," Pack added.

With SH Architecture and Burke & Associates taking on design and contracting duties, the decision to go green with certain project aspects came into play. "We're on the cusp between gold and platinum," Pack said. Once the company saw how close it was to platinum certification — roughly 46 credits, but needing 52 — a list of other possible green elements was created. The cost for the additions ranged from nothing to more than a million dollars for a solar installation generating 2.5 percent of the site's electricity. "Some of them were no-brainers, but others you really have to think about," Pack added.

The company president said 80 percent of the green decisions would have been made regardless of a LEED certification and the accompanying tax break. For LEED Gold there is a 30 percent property tax break, while Platinum LEED projects enjoy a 35 percent break. "A lot of these decisions just made sense," Pack added. "A lot of the paybacks will be within two to three years anyway."

The complex's ground source heat pump system, which utilizes 300 geothermal wells that are 400 feet deep, brings an approximate 7-year payback with heating and cooling cost savings, according to the job's senior project manager, Roger Thomas.

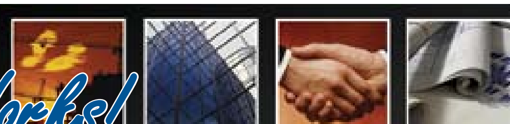
A holistic approach

With LEED accreditation comes an added administrative element. But Burke officials say the added paperwork and LEED scrutiny also force everyone to be on the same page right from the start. "So often on a large project you have everyone concerned

about how their piece of the work is going to get done," Thomas said. "On a LEED project, you're building holistically and looking at the bigger picture and seeing how one part of the project affects the whole." The manager gives the example of finding a glass manufacturer whose windows could bring the right amount of reflective ability while allowing for adequate natural lighting. The glass can then make an impact on heating and cooling. "I'd say to anyone considering a LEED project: 'Pick contractors, designers and architects who have experience, and those who work well with you and each other,'" Thomas added.

No end in sight

Pack points out that the construction process may conclude with a December move-in date, but the future upkeep of the building creates a new journey for the company. Burke is assembling reports and materials to hand off to Cashman Equipment after the building is finished to make sure systems are maintained properly and upkeep in the building is done to LEED standards. "The process doesn't stop when the building's done," added Pack. "We'll be learning how to maintain and take care of things properly." cre




With a Nov. 11 opening set, construction on the newest addition to the Station Casinos' empire, Aliante Station, is nearing completion. When finished, the property (inset at right) will feature 212 rooms, a 16-screen Regal Theatre with IMAX and six restaurants with seating for 1,400.

Jewel of the North

Station Casinos' Aliante Station set for fall debut

By Brian Sodoma
Special Publications writer

If only it were 2011.

But 2008 will do just fine for Station Casinos' latest locals-market foray. Aliante Station Casino + Hotel, the company's 11th casino/hotel property, and all of its $675 million glory will open its doors to the public this year on Nov. 11, at 11:11 p.m.

An economic downturn and sketchy consumer sentiment these days have clouded events like casino openings. But Station officials have their eyes on the future — one they claim will be bright.

Focus On: North Las Vegas

"Right now, as we speak, I'm looking out my office window and I see new homes being framed and rooftops coming on board in Aliante. Even in

Continued on next page

Aliante Station

From previous page

tough economic times, I think we'll be a strong story in North Las Vegas, and we're happy to be a part of it," said Joe Hasson, Aliante Station's vice president and general manager.

Aliante Station, a joint venture with the Greenspun Corp., which owns In Business Las Vegas, represents what Hasson calls "a new Station Casinos standard." Borrowing from its Red Rock Resort property, Aliante Station will have a desert-chic theme, with earth tones and stone walls to help it fit with its nearby mountain backdrop. "We've borrowed from all of our learning and knowledge of building terrific locals' casinos in Las Vegas," the general manager added.

The 40-acre site, at the northeast corner of Clark County 215 and Aliante Parkway, will be home to a 16-screen Regal Cinema with IMAX capabilities, 202 hotel rooms, a 650-seat showroom, 14,000 square feet of meeting space and six restaurants capable of seating up to 1,400 patrons, among other offerings.

One of the restaurant tenants making a repeat appearance with a Station property is the Original Pancake House, a popular breakfast destination for Green Valley Ranch customers and Henderson residents as well. Also on the dining side, the popular Feast Buffet with 500 seats will be available, while Station will operate its own steak and seafood restaurant.

Hasson said, first and foremost, Aliante Station will serve as a locals' getaway for North Las Vegans. Beyond that, the 202 hotel rooms will also include suites, which the company plans to market regionally for patrons coming from Southern California, Utah and Arizona. "We try to put ourselves in the shoes of the traveling consumer," he added.

Having the amenities of some of the best facilities in the valley, while maintaining locals' pricing, has been key to attracting regional visitors. Games are player friendly and include everything from penny slots to high-limit offerings as well as opportunities to learn how to play certain games. "The mix of products also the rules of the games are largely shaped by the savvy local market. There's no smarter consumer of gaming than those who live in Las Vegas," Hasson said. "And for the regional travelers, why not go where the savvy locals go?"

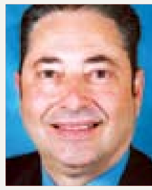
The casino will include 2,500-plus slot machines, 40 table games, 12 poker games and a race and sports book that will be on the level of Green Valley Ranch and Red Rock Resort. Aliante Station's casino will also have a center-bar concept, much like Drop Bar at Green Valley Ranch and Lucky Bar at Red Rock.

Mike Majewski, North Las Vegas' economic development director, said Aliante Station complements Aliante's master plan and also other important but very different developments like the VA hospital and future UNLV campus in the northern section of the city. "We want to design our city so that people can access the university and the VA hospital, all while providing them with a full community to live in with jobs as well as entertainment," he said.

Aliante Station is also set up for future expansion. Hotel rooms can be added, as well as other dining, entertainment and meeting space once demand calls for it. "When the Fertittas [owners Frank and Lorenzo Fertitta] undertake development, they always have an eye to the future," Hasson added. "We build for the long term. We don't think about things one day at a time. We think one generation at a time." cre

Second quarter performance roundup

By John Restrepo
Principal
and
Maria Guideng
Economic Researcher
Restrepo Consulting Group LLC



John Restrepo
Restrepo Consulting Group

The "new" North Las Vegas

North Las Vegas' population growth in recent years has exceeded that of most other cities around the country with 100,000 or more residents (large cities group). In 2006, the U.S. Census Bureau ranked North Las Vegas as the fastest-growing large city. According to the bureau, North Las Vegas' population grew by 11.9 percent, from 176,527 in July 2005 to 197,567 in July 2006. In fact, since 2001, North Las Vegas continues to be one of highest-rated large cities when speaking about population growth since 2001 (4th place). North Las Vegas has become one of the valley's most desirable markets for all types of commercial development. It is well known for the size and quality of its industrial market, but it is now becoming one of the valley's preferred office and retail markets as well because of its transportation linkages and the spread of master-planned communities into the city since 2000.

Commercial employment trends

Clark County had an unemployment rate of 5.9 percent in May 2008, lower than the seasonally adjusted rate of 6.2 percent for Nevada, but above the U.S. seasonally adjusted rate of 5.5 percent. According to the Nevada Department of Employment, Training and Rehabilitation, May 2008 industrial-related employment was down substantially from May 2007 as reflected in recent declines in demand for commercial space in Clark County. The 157,000 industrial-related jobs recorded in the county in May 2008 was a minus 8.5 percent drop from May 2007. By employment sector, the 900-job gain in transportation and warehousing and 200-job gain in manufacturing did not offset the 9,600 employment losses seen in construction.

Office-related jobs also saw losses compared to May 2007. During the 12-month period ending this May, the health care and social assistance sector added 2,500 new jobs. The professional and business services and financial activities sectors lost approximately 4,200 and 1,600 jobs, respectively.

Retail-related employment, however, was up from May 2007. Over 2,900 retail jobs were recorded in May 2008, an increase of 3,400, or 3.5 percent, from May 2008. During this 12-month period, the largest contribution came from the general merchandise and clothing sector, with 2,500 new jobs added, followed by the food and beverage stores sector, with 600 new jobs added, and the health and personal care stores sector, with 200 new jobs.

Vacancy and rents

Industrial

The valley's industrial vacancy continued its uptick since its 3.1 percent record low recorded in mid-2006. Colliers International (CI) and Restrepo Consulting Group LLC (RCG) research shows that in Q2, 2008 the valley's industrial direct-vacancy rate was 8.7 percent, compared to 7.4 percent in Q1, 2008 and 4.6 percent in Q2, 2007 (Note: The market data in this article is subject to change as we moved toward completing our quarterly Executive Summaries and Surveys). North Las Vegas had a vacancy rate of 8.8 percent in Q2. While industrial vacancy in North Las Vegas has historically been slightly higher than the valley average, the two have generally moved together from quarter to quarter. This rise in the valley's average vacancy has been rising steadily since Q3, 2006.

At the end of Q2, industrial projects in the valley completed in 2008, some of which were still leasing up, had a 49.7 percent vacancy rate. Those completed between 2006 and 2007 had an average vacancy of 16.5 percent. Projects built between 2001 and 2005 averaged 4.6 percent vacancy. Projects built between 1996 and 2000 were 5.4 percent vacant. Finally, projects completed prior to 1996 had an average vacancy of 3.8 percent.

The valley's average monthly asking industrial rent increased by \$.01 to \$.80 per square foot in Q2. Similarly, rents rose in North Las Vegas (\$.01) to \$.68 per square foot. These rents are quoted on a triple-net basis.

Industrial projects completed in Q2 around the valley had rent averages of \$.86 per square foot per month, while those completed between 2006 and 2007 had an average monthly asking rent of \$.74 per square foot. Those projects built between 2001 and 2005 averaged \$.89 per square foot. Projects built between 1996 and 2000 averaged \$.84 per square foot, and those completed prior to 1996 averaged \$.74 per square foot.

Office

In Q2, 2008, the valley's spec-office-space vacancy rate was 16.1 percent compared to 14.1 percent in Q1 of this year and 11 percent in Q2, 2007. Office vacancy in Q2 in North Las Vegas, at 19.7 percent, remains higher than the valley's average, but the gap between the two rates has been closing as the vacancy in North Las Vegas decreases. It should be noted that the wide vacancy swings seen in North Las Vegas are largely due to the newness and size of the area's office market. The valley's spec-office market has certainly been most impacted by the valley's economic downturn.

Q2 office direct vacancies were up across the board for all product types. Class A space went up by 1.1 percentage points to 17.9 percent as did Class C to 17.3 percent. Class B went up by 2.9 percentage points to 15.2 percent and medical by 3 percentage points to 14.1 percent.

On a valley basis, office projects completed in 2008 were 55.1 percent vacant, many of which were still leasing up. Those completed between 2006 and 2007, many also in lease up, had an average vacancy of 27.1 percent. Projects built between 2001 and 2005 averaged 12.2 percent vacant. Projects built between 1996 and 2000 were 8.6 percent vacant. Finally, projects completed prior to 1996 averaged 10 percent vacant.

The valley's average monthly office asking rent declined by \$.04 to \$2.47 per square foot full service gross. Rents also dropped in North Las Vegas (minus \$.12) to \$2.34 per square foot.

Average rents for the valley's office projects completed in 2008 were \$2.75 per square foot per month, while those between 2006 and 2007 had an average asking rent of \$2.92 per square foot. Those projects built between 2001 and 2005 averaged \$2.53 per square foot. Projects built between 1996 and 2000 averaged \$2.37 per square foot, and those completed prior to 1996 averaged \$2.05 per square foot.

Retail

The valley's anchored (direct) retail vacancy rate was 4 percent in Q2, 2008, compared to 3.3 percent in the previous quarter and 3.1 percent in May 2007. Vacancy in North Las Vegas was 5.4

percent in Q2 and was lower compared to Q1 but still higher than Q2 in 2007. This rise is the result of the decline in consumer confidence and the high level of consumer debt that are currently being experienced.

By retail center type, vacancies rose for the valley's power centers and community centers, but fell for neighborhood centers. Community centers had the highest vacancy, at 3.6 percent, followed by neighborhood centers, at 3.3 percent. The lowest vacancy recorded was in power centers at 2.8 percent. Clearly, these vacancies are much lower than we are seeing in the office and even the industrial market. While they are reflective of a supply-constrained market, we don't know how long they will be able to stay in single-digit territory considering our anemic economy.

Anchored retail projects completed in Q2 averaged a 3.9 percent vacancy rate. Those projects built between 2006 and 2007 had an average of 6.2 percent. Projects built between 2001 and 2005 averaged 2.1 percent, projects built between 1996 and 2000 averaged 2.8 percent and projects completed prior to 1996 averaged 3.5 percent.

The valley's monthly, average asking anchored retail rent rose from $2.05 per square foot triple net last quarter to $2.14 per square foot in Q2, a $.09 difference. North Las Vegas saw rents increase by $.06 to $2.48 per square foot.

By retail center type, community centers had the lowest monthly asking rent at $2.08 per square foot, while power centers had the highest at $2.20 per square foot. In North Las Vegas, all types of retail centers had higher asking rents than the valley average: $3.32 per square foot for power centers, $2.38 per square foot for community centers and $2.62 for neighborhood centers.

Projects completed in 2008 had a monthly average asking rate of $3.22 per square foot. Projects built between 2006 and 2007 averaged $2.80 per square foot. Projects built between 2001 and 2005 averaged $2.31 per square foot. Those built between 1996 and 2000 averaged $2.13 per square foot and those built prior to 1996 averaged $1.39 per square foot.

Supply

Industrial

The market data assembled and analyzed by RCG and CI indicate that industrial completions in Q2, 2008 totaled 973,200 square feet, significantly less than the 2.3 million square feet in Q1. By submarket, the southwest led the valley with 1.7 million square feet of completions followed by North Las Vegas (981,700 square feet). By product type, over 45 percent of new space added in Q2 was in warehouse distribution space (1.7 million square feet).

Forward supply, at the end of Q2, was 3.8 million square feet. Of this amount, approximately 57 percent was under construction (2.1 million square feet), representing approximately 2.1 percent of the existing inventory. Forward supply was concentrated in the North Las Vegas (1.7 million square feet) and southwest (1.3 million square feet) submarkets.

Comparing the 8.9 million square feet of vacant space in existing projects and the 2.1 million square feet of space under construction with the past eight quarters' average absorption of 909,500 square feet, the valley has about three years of supply to absorb. If the 3.9 million square feet of planned space is added, the period potentially grows to four years, assuming all this space is actually built, which is unlikely considering the current economy and development trends in the valley during the past two years.

Office

Office completions in Q2, 2008 totaled 435,000 square feet, a 25 percent decrease from the 348,900 square feet recorded in Q1. North Las Vegas saw no new completions in Q2. Completions in the valley were spread across Class A (134,400 square feet), Class B (146,000 square feet) and medical space (154,600 square feet), with no completions in Class C.

Forward supply totaled 2.7 million square feet, with 1.3 million square feet under construction and 1.4 million square feet in the planning stages. Compared to the previous quarter, when over 5.6 million square feet of office space was planned, the amount of space on the drawing board has dwindled significantly.

There were 6.3 million square feet of vacant space in existing spec office projects and 1.3 million square feet under construction at the end of Q2. Using the past eight quarters' average absorption of 405,600 square feet indicates we have nearly five years of spec supply. When 1.4 million square feet of planned space is added, the period potentially grows to just over five-and-a-half years. This is assuming all this space is actually built, which is again unlikely considering the valley's weak economy and office market.

Retail

No new retail space was completed in Q2, 2008 and the valley's inventory remained at 41.3 million square feet. The North Las Vegas submarket represents 9.5 percent of the valley's total anchored retail space.

Forward supply at the end of Q2 stood at 2.6 million square feet, of which 36 percent was under construction. Most of the space was in Henderson (450,000 square feet) followed by North Las Vegas (312,100 square feet). Also, the bulk of known planned anchored space was located in the North Las Vegas (819,700 square feet) and southwest (683,300 square feet) submarkets, reflecting the area's population growth.

There were 1.7 million square feet of vacant space in existing spec retail projects and 938,000 square feet under construction at the end of the Q2. Using the past eight quarters' average absorption of 682,000 square feet indicates we have nearly a year of spec supply to absorb — a very low number. When 2 million square feet of planned space is added, the period potentially grows to just under two years, assuming all this space were actually built.

Demand

Industrial

CI and RCG recorded net industrial absorption in the valley of minus 364,300 square feet during the quarter. This marks the first time in over six years that the valley's industrial market witnessed negative absorption. Demand in North Las Vegas was positive with 526,300 square feet absorbed.

By product type, net absorption was negative for all products except warehouse distribution industrial space (343,000 square feet) and incubator (45,600 square feet). Light distribution had the lowest net absorption in Q2 with minus 429,700 square feet, followed by R&D Flex (minus 187,907 square feet).

Office

Net office absorption in the valley was also negative at minus 414,800 square feet for the quarter. By product type, all professional segments and medical offices saw negative space demanded. By location, downtown, Henderson and North Las Vegas were the only submarkets that recorded positive absorption.

The disconnect in the absorption and completion levels seen in the past several quarters is largely attributable to overbuilding of office space, both for lease and for sale, versus weak demand. The loss of office-related jobs, especially in occupations serving the housing market, have been significant.

Retail

Net absorption in Q2 was at negative 235,500 square feet. Downtown, with 38,200 square feet of positive absorption, followed by the west central submarket with 6,200 square feet, North Las Vegas with 4,700 square feet and northwest with 3,400 square feet, were not enough to offset the negative absorption in the remaining submarkets. By product type, power centers was the only type to experience positive absorption at 47,000 square feet.

Sublease space

According to RCG and CI, sublease space represents a small but growing portion of the valley's commercial markets. For the industrial market, sublease space rose from 461,700 square feet in Q1, 2008 to 677,100 square feet in Q2, 2008. When vacant sublease space is added to the direct vacant space in the industrial market, the valley's overall industrial vacancy moved higher to 9.2 percent from 8.7 percent.

Speculative office sublease space rose from 248,600 square feet last quarter to 647,800 square feet in Q2. When vacant sublease space is added to the direct vacant space in the market at the end of the quarter, the valley's overall office vacancy increased to 17.6 percent from 16.1 percent. Notably, these numbers do not include the vacant sublease space in the non-spec, office-condo market.

For the valley's anchored retail market, sublease space increased from 107,100 square feet last quarter to 195,300 square feet in Q2. When we factor in vacant sublease space to the directly vacant space, the valley's overall retail vacancy moved to 4.5 percent from 4 percent.

Final thoughts

The Southern Nevada economy is experiencing a downturn deeper and broader than it has seen in at least 20 years. Local, regional, national and global forces make this downturn unique, and in our opinion, more severe and extended than many thought just six to nine months ago. The combination of the housing market meltdown, rapidly rising fuel and food prices, high levels of business and consumer debt, a global credit crunch and continuing bad news about the health of the commercial and investment-banking industries indicate that the valley will not see the traditional "V" recovery that we depended on and even came to expect in the last two decades. We are seeing a transformation in how the valley's economy will perform for the foreseeable future. This will have a major impact on valley's commercial markets, how they will perform and how long it will take to achieve a sustained recovery (at least 18 months).

This doesn't mean that Las Vegas' reputation as the "miracle in the desert" will be permanently marred. The economy, business community and our elected officials are too resilient and resourceful for that to happen. But it means that our commercial development industry will have to adapt to a new reality of slower and more rationally exuberant growth. We have just learned, in spades, that economic cycles are inevitable and that the higher the up cycle, the more severe the down cycle. cre

Artist's rendering of the new $600 million, nearly 1-million-square-foot VA Hospital located at the Las Vegas Beltway and Pecos Road.

Looking forward

NLV medical community eyes VA, long-term future

By Brian Sodoma
Special Publications writer

Even with its tag line of being one of the fastest-growing cities in the nation, North Las Vegas is not immune to the current economic slowdown. And as valley office vacancies continue to climb, a virtual chokehold on medical office expansion is taking place while new facilities around the valley sit empty. But in North Las Vegas, medical office vacancy rates are the lowest in the valley. Even still, logistic and economic realities are putting the brakes on adding new medical space.

According to figures supplied by Applied Analysis, a local economic research firm, valley office vacancy figures are hovering around 16 percent, with North Las Vegas even topping 20 percent. On the medical office side, however, North Las Vegas has a paltry 106,000 square feet of space and only a 9.4 percent vacancy rate, while other areas of the valley are over 20 percent.

Neil Sorkin, a senior commercial real estate advisor with Las Vegas' Prudential CRES Commercial Real Estate office, said finding medical space in North Las Vegas is difficult these days. "I was recently doing a search for doctors who wanted to be out there, but there aren't many office buildings for them," he said.

A great stimulus for the area would be a new private hospital, said Sorkin. Currently, IASIS Healthcare Corp., owners of North Vista Hospital, formerly Lake Mead Hospital, has said it has plans to build a new hospital at the corner of Tropical Parkway and Losee Road, but a timeline has yet to be laid out.

"We have not, to the best of my knowledge, given any kind of projected timeline and I think that continues to be the case," said Tomi Galin, a spokesperson for IASIS, who could not give further information on the project. IASIS purchased the now nearly 50-year-old North Vista Hospital in 2004 and has made $13 million in improvements since then. Sorkin says the group should consider a new facility instead of pouring money into an aging one.

"If you built a 20,000-square-foot or 30,000-square-foot building there, will you fill it? Yes. But only with doctors who work in the VA."

Neil Sorkin
Commercial Real Estate Advisor
Prudential CRES Commercial Real Estate, Las Vegas

In the meantime, Sorkin says, others have considered building office medical space, but without a hospital nearby, he has counseled them away from it. New York-based Health Setting Network, which is rumored to be partnering with IASIS on the proposed hospital, sought counsel from Sorkin a year ago on the possibility of building a 100,000-square-foot medical office building on the future hospital site before a hospital was built.

"I told them that would be development suicide," Sorkin said. "There's no way you're going to be able to attract doctors to the medical office building without the hospital. As big as North Las Vegas has gotten, you still don't have the density and the numbers to add a 100,000 square feet like that. … We're going to probably need that in the future, but right now, it's not viable for them."

While medical office space in the city seems to be at a standstill, others are pointing to a bright future for the medical community as a whole.

The VA

Out of the ground, the new Veterans Affairs (VA) Hospital at the corner of Pecos Road and I-215, is currently the greatest source of optimism for North Las Vegas' medical community.

Steve Stern, project manager on the new hospital, said the first two phases of the project are finished. They include site development and off- and on-site utilities with an on-site energy center completed. The third phase, a nursing-home care unit has drawings 95 percent complete and the foundations laid. The fourth phase will be the main hospital. Contractor meetings have begun on that phase as well.

The nearly 1-million-square-foot complex has a price tag of $600 million, and the VA hopes to be seeing patients by mid-2011. Once finished, the roughly 210-bed center, set on 151 acres, will create between 800 and 1,000 new jobs. "We're expecting to move forward on that final [hospital] phase in September," Stern added.

Research partnerships with UNLV are also in the works, as the university tries to hammer out a timetable for a nearby research and technology campus. "We actually meet with them monthly. … We're really excited about what's going to be happening up there," Stern added.

While Sorkin admitted that the university and VA partnership could boost potential for more medical office space in the future, he adds that the VA creates a limited market for those who can use those facilities and work in them. "If you built a 20,000-square-foot or 30,000-square-foot building there, will you fill it? Yes. But only with doctors who work in the VA. You're not going to get that new internal medicine practice or someone else," he said.

Sorkin said if the University of Nevada School of Medicine or a research entity like the Scripps Institute or the Cleveland Clinic were to be involved, a stronger, more diverse medical community could then take shape. "That would create new jobs and drive better-quality physicians to the area. But those guys [entities like Scripps or Cleveland Clinic] aren't sold on Las Vegas being a medical mecca yet. We'll see," he said.

Mike Majewski, economic development director for North Las Vegas, said with the VA under construction a synergy is being created between UNLV and the VA. "We see this as spurring more technology-based companies and jobs and we see it as a real economic engine for North Las Vegas in the future," he said.

Even with the slowdown, Majewski said the key right now is to keep thinking long term. "It's all not going to happen overnight. … You have to think not even in terms of five to 10 years, but probably 20 to 30 years." cre

Redevelopment transforms North Las Vegas

By Jeannette Green Davies
Special Publications writer

The city of North Las Vegas is reinventing itself.

Five to 10 years from now the city will be unrecognizable, a direct result of the 1,200 new residents moving to the city each month.

As Mayor Michael L. Montandon said in a state of the city address, North Las Vegas has grown up and is no longer a bedroom community, but a destination.

"By 2015, the city is projected to surpass a half-million residents. That equals the size of Portland, Ore., Oklahoma City, Okla. or Tucson, Ariz.," Montandon said.

"The city has tremendous space needs. Right now, we are spread out into modules. Our goal is to streamline services into one location."

Dr. Qiong Liu
Public Works Director
City of North Las Vegas

Now, ranked as the fourth-largest city in Nevada, the city of North Las Vegas encompasses 82.2 square miles within Clark County and is home to 212,114 residents.

Dr. Qiong Liu, the city's public works director, welcomes the city's progress to accommodate its enormous growth. A new city hall is foremost on her mind.

"The city has tremendous space needs. Right now, we are spread out into modules," Liu said. "Our goal is to streamline services into one location."

The existing city hall is nearly 40 years old and Liu agrees it's time to move. City departments provide services to more people than ever and location restrictions hinder interaction with other departments.

A proposed location for the new city hall is the southeast corner of Las Vegas Boulevard and Hamilton Street. The building will accommodate projected service needs for the next 10 to 20 years. Plans include 200,000 square feet of space to house all development-related services such as planning, licensing and inspection along with offices to pay utilities.

"The city wants to provide one-stop shopping so customers can conduct all of their business in one location," Liu said.

Well known for civic, airport and museum designs, Fentress Architects, based in Denver, was selected by the city council to build the facility at an expected cost of $136 million. A council building-selection committee is in the process of recommending a contractor with seven companies submitting proposals. The committee will narrow the list to three choices.

Liu said the city plans to team with the selected contractor in a construction-manager-at-risk (CMAR) delivery method to build the project at a faster pace.

"A CMAR delivery process allows the contractor and the architect to work closely to reduce the time gap between the design and the building process," Liu said. "For example, the foundation can be built while the rest of the design is still in process."

The CMAR provides advice and construction leadership during the planning and the design phase. CMAR also provides contract management, direction, supervision, coordination and control of the work during the construction phase.

Construction managers are considered "at risk" when they contract with the owner to complete the project for a guaranteed maximum price. If costs exceed the price, the CMAR is "at risk" of absorbing the overrun. Liu said the city council is expected to provide final approval to begin on the project within the next three months.

The city is also building a $242 million water reclamation facility (WRF) on the northeast corner of Losee Road and Alexander Boulevard. The project consists of the design, land acquisition and construction of a 25-million-gallon-per-day facility on 20 acres.

A water reclamation facility will eliminate the need to discharge and have the city's wastewater treated at the city of Las Vegas' facility. Another benefit of the WRF is that it will provide an alternative to using potable water for irrigation of large turf areas such as golf courses, parks and common areas, and industrial uses including concrete batch plants and commercial laundries. Primarily, it will reduce demands on the city's potable-water distribution facility.

The city's redevelopment manager, Larry Bender, and economic development director, Mike Majewski, are helping North Las Vegas reinvent itself. Both departments are juggling a variety of projects including the North Fifth Street Corridor redevelopment project that will accommodate north-south access to the proposed city hall area. Together, these departments work by overseeing the city's downtown redevelopment area, adjacent to the Lake Mead Boulevard off-ramp from I-15, and the north redevelopment district, comprised of 460 acres extending along Cheyenne Avenue from I-15 to Pecos Road.

The redevelopment areas are a mix of commercial and residential uses with Las Vegas Boulevard, East Lake Mead Boulevard, Fifth Street and Cheyenne Avenue serving as primary transportation arteries. North Vista Hospital, Jerry's Nugget and the North Las Vegas government complex anchor the downtown area.

Governed by a five-member board comprised of the mayor and four city council members, the redevelopment agency is a separate legal and financial entity. Unlike a city, the agency's resources can be combined with private funds as long as the money is used for revitalizing distressed properties and eliminating blight.

With a projected cost of $128 million, the North Fifth Street Corridor will take multiple phases to complete and is expected to help meet increased demand for cars, transit and pedestrian capacity in the region. The preliminary design from Owens to Cheyenne avenues is 30 percent complete and the right-of-way acquisition from Owens Avenue to I-15 is underway.

One of Majewski's projects is working with North Vista Hospital to determine the best way to proceed with the hospital's expansion. The hospital has growing pains and needs to expand in a limited area.

"The hospital is in a landlocked position," Majewski said, "and we are trying to determine the best solution for their growth."

Majewski and Bender agree the effort to revitalize downtown is making strides in large part through collaboration among major investors, landowners and the city's redevelopment agency. Redevelopment officials estimate projects planned for the city's downtown area will top $1 billion over the next seven to 10 years.

"Revitalized downtown areas provide complete urbanism," Majewski said. "As a matter of fact, vogue downtowns are making a comeback in cities across the country and North Las Vegas is prime for revamping and reinventing." cre

New retail centers shaping North Las Vegas

By Brian Sodoma
Special Publications writer

In 2006, with hints of a housing-bubble burst not yet visible, building a nearly 100,000-square-foot, grocery-store-anchored shopping center in an area of North Las Vegas, where the median household income is nearly half of the citywide average, wasn't as appealing as developing in new-growth areas on the edge of town.

But the move proved prescient and profitable for developer Montecito Companies, the business that built, opened (in spring 2007) and promptly sold the $21 million Cheyenne Pointe at the corner of Cheyenne Avenue and Civic Center Drive. Dallas-based Sarofim Realty Advisors recently purchased the property and held to its company policy of not granting media interviews for this story. But the purchase is creating a buzz among city officials who are more than willing to discuss its importance to North Las Vegas redevelopment.

"It's the first major investment in our redevelopment area. It filled up extremely fast, and even more importantly, the purchase bodes extremely well for downtown redevelopment efforts," said North Las Vegas economic development director, Mike Majewski. "It proves that there's a value in our downtown area when a third party, looking at dollars and cents, can see the value. It puts a stamp of approval on the project — much better than any publicity."

Anchored by a Mariana's Hispanic-themed supermarket and also including tenants like Starbucks, T-Mobile, Gen X Clothing, El Rodeo and Dollar Tree, the center marks a major step for the 460-acre redevelopment zone created by the city in 1999. Michael Townsend, chief operating officer for Montecito and who was unavailable for comment for this story, said in a past In Business Las Vegas report that the Cheyenne Pointe area was under retailed and thus "an ideal spot" for development, even if others weren't seeing it. The company, which developed the Alexis Park Hotel and several northwest valley developments, also said it was looking to do more infill development in North Las Vegas.

Las Flores

Now, the next step for Montecito Companies in the North Las Vegas redevelopment zone is Las Flores, a 32-acre site at the northwest corner of Las Vegas Boulevard and Hamilton Street. The center is also across the street from the soon-to-be remodeled Silver Nugget Casino.

Montebello, Calif.-based Legaspi Co., a full-service real estate company that targets urban development projects, owns the site. CalSTRS, California's teacher's pension fund, is a financial partner as well. The Legaspi Co. purchased the 32 acres six years ago and sought Montecito as site developer. "We always like to partner with local entities," said Jose Legaspi, president of Legaspi Co., which has developed projects in Arizona, California and Texas.

Many view the $100-million-plus, 350,000-square-foot regional shopping center, which should break ground within six months, as a great follow up to Cheyenne Pointe and hopefully an impetus for more redevelopment in the future.

"We're anticipating this will spur even more redevelopment in the area," Majewski said.

Legaspi said the redevelopment options in the area were attractive long before Cheyenne Pointe broke ground. His company is also currently in negotiations to purchase a nearby 17-acre parcel. "We saw this opportunity six years ago and looked at various properties where we started heavy-duty negotiations with some of them, but made this one happen," he said. "We are looking at another piece of land in the area. … Hopefully this says something about the optimism we have about the area."

Legaspi has been finalizing anchor-tenant leases of late. Los Angeles-based La Curacao, a large Hispanic-focused department store that will occupy 100,000 square feet, has signed on. To complement the rest of the mall's Hispanic theme and Spanish colonial look, two other similar anchors are currently in lease negotiations with Legaspi. The company executive could not divulge names, but referred to both as "soft-goods, national department stores" that are looking to occupy 30,000 and 70,000 square feet each. For smaller tenants, Legaspi said he is looking to provide business-incubator opportunities, similar to a program at the Grand Central Market in Los Angeles. cre

"Factory direct to the public is the phrase we use to describe our company, since the windows are made right here in North Las Vegas."

Travis Vuong
Owner
MAC Window Factory

North Las Vegas' MAC Window Factory offers factory-direct, customized windows.

Taking great panes

MAC Window Factory gives North Las Vegas a bright outlook

By Jeannette Green Davies
Special Publications writer

Owners of the MAC Window Factory in North Las Vegas view windows not only as their bread and butter but also as a building's eyes to the world. The husband and wife team of Travis Vuong and Lina Nguyen have been filling orders for customized windows and doors for residential housing and commercial buildings for nearly nine years. Business is humming and continues to grow.

Vuong is proud to say MAC Windows are factory direct to the public. That means customers receive windows much faster.

"Factory direct to the public is the phrase we use to describe our company," Vuong said, "since the windows are made right here in North Las Vegas."

MAC Window Factory is modern in every sense of the word. All manufacturing machinery is owned by the company and utilized by a full-time staff of 25 qualified technicians and fabricators who pay strict attention to detail.

A MAC Windows technician oversees quality control.

The factory has a fully stocked inventory of raw materials to guarantee each window is made on time with proven components. Each window is inspected for quality before it leaves the factory floor.

"MAC Windows manufacturers single-, double- and even triple-pane windows that reduce heat and noise significantly," Vuong said.

Located on Craig Road and Mitchell Street, the company's products include custom windows and patio slider doors. Windows are made in 10 different styles including single-hung, bay, bow and picture windows. MAC Windows makes one-of-a-kind windows in a variety of shapes with arched and curved windows the most popular.

A single-hung window's upper sash, or frame, is fixed and the vent sash can be removed for cleaning and maintenance purposes. Bay and bow windows are an upscale alternative to flat-pane windows, ideal for a home with picturesque views. Lastly, picture windows come in a variety of shapes from round to trapezoid. These windows are designed for areas where light is needed and air ventilation is not.

MAC Windows manufactures ultra low-E squared and clear-on-clear windows. Ultra low-E squared windows have a metallic coating on or in the glass, which allows the glass to reflect heat back to its source. These windows provide a cooler home in the summer and a warmer home in the winter. Clear-on-clear windows are made of clear glass, as the name implies, and do not have a metallic coating.

All windows are custom fitted and custom built using basic retrofit or block-fit configurations. Retrofit windows will not damage stucco and block-fit windows are used to replace wooden-framed windows. Every window comes with a lifetime warranty from fading, cracking or discoloration of the vinyl frame. Ultra low-E squared windows come with a lifetime warranty against damage from heat and sunlight.

MAC Windows are suitable for a variety of residential and commercial projects. The windows are appropriate for framed structures, add-ons and precast construction buildings.

To appreciate windows as much as Vuong and Nguyen do, visitors can experience a softer side of the factory by stepping into the company's window gallery. The enclosed gallery features a display of their own product line along with the deluxe Panda line of high-grade windows in addition to products made by Milgard Windows, Superior Windows and Doors and Amsco Windows. Also displayed are window covering choices by Hunter Douglas.

Along with windows, the factory manufactures patio doors including French doors as an alternative. Patio doors are made with heat-resistant, ultra low-E squared glass as well. Doors have quality locking mechanisms made of metal, instead of vinyl, and the sliding tracks are made of metal instead of plastic wheels. Built-in doggie doors of various sizes can be added to the patio doors for convenience.

MAC Windows holds a C-8 license in Nevada and California allowing the company to glaze glass in both states. The company's Rosemead, Calif. office handles sales and installation mainly in the Orange County area. Most of the company's glass comes from Cardinal Glass Industries' Southern California location.

Company salesmen work with builders and architects to promote the company's windows, especially its own brand name windows, and are currently concentrating on doing more work in the commercial sector. MAC Windows is in the process of working with Clark County Economic Development Services to conduct further business in commercial real estate properties.

"In order to grow our company," Vuong said, "we need to become more involved in the bidding process." cre

The Shoppes at Solstice are anticipated to be a shopping, dining and entertainment destination.

Raising the bar on shopping in Mesquite

By Jeannette Green Davies
Special Publications writer

Retail shopping choices in Mesquite are expected to increase with the addition of four major commercial real estate developments according to Mesquite's business development manager, Bill Chernock, whose job it is to attract new business to the city. Chernock expects Calais Village Shopping Center, Falcon Crossing, Town and Country Village Plaza and the Shoppes at Solstice will bring shopping to a new level not seen before in Mesquite.

"With gas prices what they are today," Chernock said, "people want to shop close to home and we want to see Mesquite dollars stay in Mesquite." Chernock would like to draw shoppers and their dollars from surrounding areas as well, and the new shopping venues might do just that.

Calais Village Shopping Center offers 37,000 square feet of retail space just off the I-15 Interchange on Pioneer Boulevard and Falcon Ridge Parkway. Anchored by Bealls Department Store, a Florida chain, Walgreens, Sears and Starbucks are also in the retail lineup. Among the other tenants are a UPS store, Verizon Wireless, Baskin-Robbins and Jadde Sports, a local sporting goods store that relocated its operation to the new facility. Restaurants include Papa Murphy's pizza, Sushi-masa Japanese Restaurant and Little Caesars.

Anchored by a Wal-Mart Supercenter, Falcon Crossing, at Falcon Ridge Parkway and Pioneer Boulevard, is in its second phase of development. Current tenants include Best Mattress, Sally Beauty Supply, Link Wireless, Dollar Loan Center, Chevron, Del Taco, Popeyes chicken and biscuits and Quiznos. Chernock believes businesses in this location will benefit from Wal-Mart foot traffic. Exit 120 from I-15 carries approximately 25,000 vehicles per day that drive right past Falcon Crossing.

Town and Country Village Plaza neighborhood center opened earlier this month as a mixed-use facility offering two buildings for retail and office space. Ready Golf, Mesquite's first full-fledged golf store selling all products relative to golf, occupies 5,000 square feet. Pizza Hut will open in the plaza this summer.

The Shoppes at Solstice will offer a 500,000-square-foot shopping destination including dining and entertainment. There, shoppers will experience uniquely landscaped courtyards with water features and a wide variety of restaurants, cafes, specialty stores and galleries. Solstice will also include brand-name factory and boutique retailers and a medical space all in a quaint village setting.

"All of these new shopping destinations are certain to provide shoppers with a greater selection," Chernock said. "We welcome new businesses to Mesquite."

In addition to the shopping complexes, sub-grading has begun for the Solstice master-planned resort community with a mix of residential and commercial buildings just minutes from the renowned Wolf Creek Golf Course. Las Vegas-based Kennedy Commercial is the developer of the Solstice Resort Hotel Casino and Spa, which is a mixed-use development with retail and residential components. The Solstice Casino's hotel will feature plasma televisions, oversized beds, marble whirlpool baths and a four-acre resort pool with private cabanas. Solstice Casino offers a full race and sports book in addition to the other gaming areas.

"Mesquite caters to a variety of small conventions and family reunions as well as weekend getaways," Chernock said, "so, the added hotel rooms are welcomed."

Chernock said that Mesquite is ranked as one of the fastest-growing small cities in the United States. Easy to get to, Mesquite is just 80 miles northeast of Las Vegas and 35 miles southwest of St. George, Utah on I-15. The city's eastern border is the Nevada/Arizona state line.

Chernock refers to Mesquite's "20-minute trade area" when selling the city's location benefits to potential companies. Mesquite is within a 20-minute drive from Bunkerville, Nev. and the cities of Beaver Dam, Scenic and Littlefield, Ariz.

With a population of approximately 19,200, Mesquite adds 3,500 to 4,000 "snowbirds" to the number in the winter months. Snowbirds are retired people who winter in Mesquite and who live somewhere else the rest of the year. In addition to snowbirds, it's estimated that Mesquite attracts nearly 1.6 million short-stay visitors annually. Golf and spa getaways account for many who come to Mesquite and it's Chernock's hope the new shopping centers will attract even more.

"Mesquite has seen a tremendous amount of growth in 2005 and 2006," Chernock said, "and since commercial development is driven by residential building, we are trying to keep pace." cre

Flexibility built into H Biz Centers

By Jeannette Green Davies
Special Publications writer

H Biz Centers in North Las Vegas and Henderson specialize in uniquely flexible office/ industrial/ warehouse space.

Bridget Richards uses the word flexible often to describe New Growth Commercial Real Estate Company's H Biz Centers in Henderson and North Las Vegas.

"Flexibility is the built-in beauty of the H Biz Centers," Richards said. "The project allows businesses to individualize space based on their specific needs."

As the company's principal broker and owner, Richards emphasizes New Growth's ability to offer buildings that can be customized to accommodate a wide variety of businesses. Richards views the centers as a collection of "tween" buildings for businesses whose needs fall somewhere between full-fledged office space and heavy industrial space.

"Our product is a hybrid for business professionals," Richards said. "Many businesses have difficulty finding the right combination of office and industrial space. Now, it's available."

New Growth has teamed with Hedley Construction & Development Inc. to build the needed office/warehouse space at both ends of the Las Vegas Valley. Hedley Construction specializes in joint ventures with developers and property owners. With Hedley's 25 years of experience and more than 15 million square feet of commercial development added to New Growth's expertise, H Biz Centers became a reality. Hedley Construction builds primarily industrial, office and warehouse projects along with major tenant improvements, multitenant parks, self-storage and biomedical facilities.

H Biz Centers feature buildings with frontage offices connected to larger multipurpose warehouse space in the rear. The office/warehouse configuration is ideal for businesses that need limited office space and larger areas for warehouse, manufacturing, processing or production usage.

H Biz Center, located at Whitney Mesa Drive and Mountain Vista Street in Henderson, consists of 35 single- and bi-level business properties in nine buildings. Spaces within buildings can be combined for requirements up to 33,701 square feet.

The business property is centrally located between Russell and Sunset roads, two miles from U.S. 95 and minutes from McCarran International Airport.

Companies such as Design Line Graphics, SUSS Technology Corp. and a local AFL-CIO office are located in three of the buildings. A mail order pharmaceutical company, herbal supplier and carpentry trade school have also taken up residence.

"Our passion is to find business owners … who want to invest in their own space," Richards said. "All of our flex properties are available for sale or lease."

Richards pointed out the advantages of owning commercial real estate which include appreciation and building equity and tax benefits, but cautioned that before signing a purchase agreement they should take the time to find flexible and functional commercial real estate that allows for growth.

H Biz Center offers a convenient business-park environment with mountain views. The project's first phase includes a total of 23,521 square feet of warehouse space along with 32,963 square feet of office space in single-story and two-story buildings. Phase two consists of 62,880 square feet of office space and 35,612 square feet of warehouse space.

H Biz Center offers an upscale, open-office floor plan that is fully carpeted and includes a kitchenette with built-in cabinets and a full-size refrigerator and microwave. Warehouse space is cooled and heated and features concrete slab flooring, up to 20-foot ceilings, vented skylights, fluorescent strip lighting and grade-level, roll-up doors that measure 12 feet by 14 feet. The center's solar-reflective glass windows offer mountain views and provide natural, light-filled interiors. Reflective glass is used to compliment building façades, increase thermal efficiency and reduce light transmittance.

On the other side of the valley, construction is underway in North Las Vegas for H Biz Center Cheyenne on the northwest corner of Cheyenne Avenue and Clayton Street. The single-level, 117,382-square-foot center includes 21,921 square feet of retail space, 41,627 square feet of office space and 42,097 square feet of warehouse space. Large contiguous spaces are available at this location as well as in Henderson.

"H Biz Center Cheyenne in North Las Vegas is similar to the Henderson location," Richards said. "Yet, we added a retail component since we felt there was a need in that part of the valley."

Tenants are expected to move into the H Biz Center Cheyenne location in early 2009. cre

'Hello, Dave.'

Virtual receptionist greets guests, provides company information

By Jeannette Green Davies
Special Publications writer

Self-service technology is common — from bank ATMs to DVD rentals. Advanced Information Systems (AIS), a Las Vegas-based, technology-solutions provider, now introduces that same self-service technology into the workplace.

Video Receptionist, a fully interactive, self-service, office reception system, is the company's latest technological product. The video reception system provides visitors an employee directory with the ability to initiate two-way, live video communications between visitor and employee.

"Video Receptionist is a welcoming device for high-rise buildings, executive suites, small offices and corporate buildings," said AIS President Frank Yoder.

Designed to be user friendly, Video Receptionist is a cost-effective alternative to a full-time receptionist and provides two-way video and audio communication. When a guest enters the lobby, motion-sensor technology triggers a professionally recorded welcome video on an integrated, flat-panel PC display.

The welcome message prompts the visitor to locate the employee's name in the directory and touch the display. The employee receives notification via computer or phone and accepts or rejects the call. If accepted, a two-way audio and video conversation takes place. If the employee is unavailable or the call is rejected, the visitor can record a video message that is sent to the employee's e-mail.

Video Receptionist operates 24 hours a day, seven days a week and is sold as a complete hardware and software package. The product's directory comes with a touch-screen LCD monitor, integrated personal computer, built-in speakers, motion-sensor technology and Webcams. AIS provides monthly service to update the customized employee directory, which can be tailored to include the company's name, logo and colors.

AIS furnishes employees with ring fob identification tags to allow the system to distinguish between employees and visitors, activating the welcome message for visitors only. The tag allows the system to update an employee's directory status as available or unavailable, based on the distance from their office computer.

Employees can also access Video Receptionist from their computer to update or add information. Other features include a camera for added security and company-specific requests such as logo and graphics.

Video Receptionist's additional features include a map of the building, professional video clips and advertising.

To install Video Receptionist in any size company, Yoder said, AIS needs electrical power and access to the company's existing network. AIS works closely with IT departments and management to assure workability.

"Video Receptionist can be configured with any network and specifically customized based on the needs of each company," Yoder said.

AIS is a privately held, full-service provider of information technology solutions, including custom software development, voice and data networks, broadband solutions, innovative products and professional services. These technology-related needs, combined with a comprehensive consulting and system integration methodology, enables AIS to be a "one-stop shop" for most technology solutions. The company serves clients throughout the United States with a focus on Southern Nevada.

AIS is currently working to develop products suitable for communications in the health care and legal industries, which they expect to release later this year. Video Receptionist is now available for commercial purchase in Las Vegas and plans for a national rollout are scheduled for later this year. cre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