IN BUSINESS Las Vegas
SPECIAL PUBLICATIONS

INSIDE

REALTY CHECK

Our experts chime in on the issues facing the industry

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Southern Nevada Com eal Estate Guide • November 2007

Being Frank

The sky's the limit for Las Vegas' Frank Gatski

In Focus: North Las Vegas

Boom Town

The valley's flourishing frontier

SUPPLEMENT TO IN BUSINESS LAS VEGAS

IN BUSINESS Las Vegas

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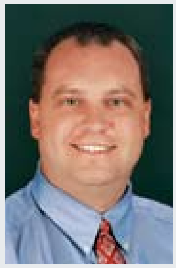
From the editor ...

Dear readers,

Thanks for picking up the November edition of our Commercial Real Estate Guide. This marks our sixth — and final — CRE for 2007.

As 2007 winds down, one of our Realty Check columnists, John Restrepo, takes a hard look at the industry's third quarter — and beyond. You won't want to miss his expectations for '08.

You'll also find guest columns from Suzette LaGrange (Colliers International), David Cohen (Green With Ease), Erick Sanchez (General Design & Construction) and Louis Nehme (Deposit Alternative) — informative and helpful articles all.



This month's cover features Frank Gatski, of Gatski Commercial Real Estate Services, with a story that begins on page 14. Gatski's success is proof that with the right combination of intelligence, perseverance and hard work the American Dream can still be realized. Don't miss it.

Additionally, catch staff writer Brian Sodoma's insightful look at the use of art and sculpture in commercial projects. Beauty, it seems, is more than skin deep because studies show it also results in higher levels of job satisfaction and increased productivity.

This month, we focus on North Las Vegas. Get the latest news on the Raceway Business Park, Cartier Business Center, The Grove and other projects Larry Monkarsh of LM Construction is building in NLV.

Of course, CRE will be back in 2008. Look for bigger, better issues as the commercial real estate industry continues to grow across the valley. Keep an eye out, too, for our expanded coverage of the "green" industry and how it's affecting us all.

Have a fun and safe holiday season. We'll see you in January.

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Southern Nevada Commercial Real Estate Guide

Inside

ON THE COVER: Frank Gatski

IN FOCUS: NORTH LAS VEGAS 22-31

A word from our sponsors ...

Dear *In Business Las Vegas* readers,

This edition features North Las Vegas. The population boom in North Las Vegas has outpaced growth in every other large city in the country, according to the U.S. Census Bureau.

Station Casinos' Aliante Station will create 1,700 new jobs in North Las Vegas when it opens next year. And our company's North Las Vegas commercial real estate portfolio is growing as well.

Gatski Commercial serves more than 4.3 million square feet valley-wide, offering commercial property management, leasing, brokerage, building maintenance, landscaping, emergency response and mold remediation.

Now in the spirit of Thanksgiving…

- Thank you to the terrific team at Gatski Commercial for embracing growth while never losing focus of our company's core values, and to our clients and tenants for trusting us with your business.
- Thank you to our colleagues! Referral business is up a staggering 34 percent this year. (We find it hugely flattering when colleagues, property management firms and other brokers refer business to us.)
- Our vendors and partners – from our sign company to our marketing consultants – have certainly played a key role in our growth this year, and we thank them.
- Above all, I thank my wonderful family, especially Tammy, my wife of 18 years. My family brings me much joy and always reminds me what's really important.

All Best Regards,

Frank Gatski, CPM, CCIM

President, Gatski Commercial Real Estate Services • www.gatskicommercial.com
*INC 5000 honoree

Dear *In Business Las Vegas* readers,

Cox Business is pleased to be a continued sponsor of the Commercial Real Estate guide and that you have chosen us as your partner for your business communications needs.

Cox Communications is a Fortune 500 company as well as the third largest cable broadband communications provider in the nation. And while Cox Business is national in scope and on track to reach $1 billion in revenue by 2010, the business to business (B2B) division is also very much a local company meeting local needs.

"In Southern Nevada, Cox provides high-paying jobs to over 1,200 employees which nearly 200 belong to Cox Business," said David Blau, vice president and general manager of the company's Henderson-based regional operations. "They all live and work here, and that's good for the local economy. That's one of our key differentiators. We're local; many others are not. When you call us for support, you speak to a Southern Nevadan."

Operating in the same footprint as 22 Cox multi-service broadband systems in 18 states, Cox Business lists 180,000 business customers in industries ranging from healthcare and hospitality to government. In the local education sector, Cox Business created a fiber-based wide area network solution that linked 308 schools within the Clark County School District.

As more and more of our great community develops, we are proud to be your partner by offering a robust communications network. Whether you have a home office or need an area network that reaches across the city to multiple locations, Cox Business has a communications solution to meet those needs.

The booming business and residential development in North Las Vegas puts us on the map; making Southern Nevada a great place to live and work. Thank you for your commitment to the development of our community.

Kind regards,

Cox Business

Realty Check

Meet the experts

DAVID COHEN

President – Green With Ease

Green With Ease is a company created by David that capitalizes on his experience as a commercial real estate project manager for a development firm, as well as a marketing director for a real estate marketing consulting firm that specializes in market research, strategy creation and implementation of master-planned communities and high-rise condominium projects.

LOUIE NEHME

President – Deposit Alternative

Louie Nehme is president of Deposit Alternative. He has worked with key parties in the insurance, legal, banking, real estate and property development industries, which have all played a role in the development of the deposit bond product. A deposit bond is an alternative to the traditional cash deposit required when purchasing a property, hence the name — Deposit Alternative.

SUZETTE LA GRANGE

Vice President – Colliers International

Suzette serves as a vice president in the industrial and office divisions of Colliers International – Las Vegas. She has been involved in office and industrial lease transactions totaling more than 6.5 million square feet, building sales of nearly 3 million square feet and sales of more than 300 acres of land. La Grange earned a Bachelor of Science degree in business administration with an emphasis in real estate law and finance from UNLV.

JOHN RESTREPO

Principal – Restrepo Consulting Group

John directs Restrepo Consulting Group's economic and financial consulting activities. He has analyzed regional economic and real estate trends in Nevada, Arizona, California, Texas and areas throughout the southeastern U.S. His 24 years of urban and real estate economics experience has given him a broad range of skills and technical expertise in assessing the effects of local, regional and national economic trends on urban real estate markets.

ERICK SANCHEZ

President – General Design & Construction

Erick Sanchez serves as president of General Design & Construction (GDC), a Southern Nevada-based general contracting and project management firm. He manages the day-to-day operations, oversees the estimating and procurement processes, and identifies and secures future business opportunities. He is affiliated with the Nevada Minority Business Council, Latin Chamber of Commerce, Associated General Contractors, and National Association of Minority Contractors.

Las Vegas commercial market outlook: 3rd quarter and beyond

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

John Restrepo
Restrepo Consulting Group

The industrial market

Economic trends

September 2007 industrial-related employment (latest available data) was up from September 2006 (the most recent available data), indicating continued growth in demand for industrial space. According to the Nevada Department of Employment, Training and Rehabilitation, 169,800 industrial-related jobs were recorded in September 2007, a net decrease of 400 or 0.24%, from September 2006. During this 12-month period, the largest increase was in the transportation and warehousing sector, with 1,300 new jobs added, followed by manufacturing, with 400 new jobs added. Construction lost approximately 1,300 jobs. Overall, the MSA had an unemployment rate of 5.2% in September 2007, higher than the seasonally adjusted rate of 5.1% for Nevada, and above the U.S. seasonally adjusted rate of 4.7%.

Vacancy and rents

The overall direct vacancy rate was 4.8% at the end of Q3, 2007. This was a 0.4-percentage point higher than vacancy recorded in Q2, 2007 (4.4%). Among the submarkets, vacancy decreased in North Las Vegas, northwest and southwest submarkets. Every other submarket posted an increase in vacancy, with the largest being in the Henderson industrial submarket by 2.2 percentage points. The northwest, Henderson and airport submarkets all had vacancies higher than the valley average. The valley's lowest vacancy rate was in the west central submarket (3.0%).

Industrial projects completed year-t0-date 2007, some of which were still leasing up, had a 16% vacancy rate. Projects built between 2003 and 2006 had an average vacancy of 6.1%, a decrease from Q2, 2007's 6.4%. Projects built between 2000 and 2002 averaged 2.1% vacancy, down from the previous quarter's 2.5%. Projects built between 1995 and 1999 were 3.7% vacant, a 0.4 percentage point increase from the previous quarter. Finally, projects completed prior to 1995 averaged 4.8% vacancy, up from the previous quarter's 3.8%.

Overall, the valley's average monthly asking industrial rent decreased to $0.76 psf. Rents rose in northwest

Figure 1: **For lease industrial space completions v. absorptions in square feet with vacany rate**

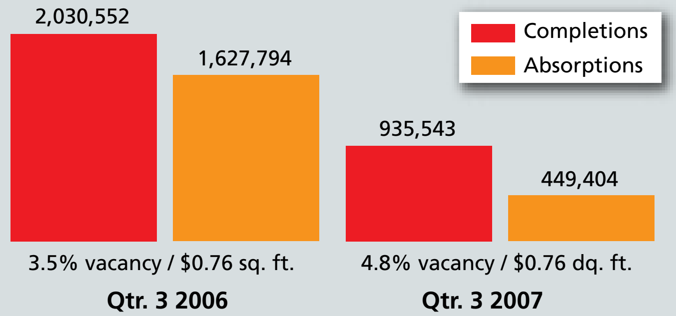
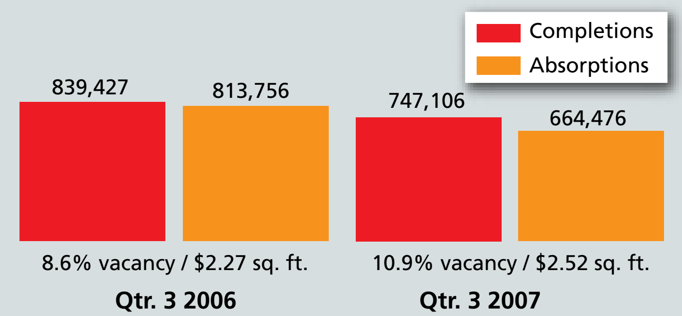


Figure 2: **For lease office space completions v. absorptions in square feet with vacany rate**



($0.03) and east Las Vegas ($0.02). Rents fell in five submarkets: airport ($0.14), Henderson ($0.09), North Las Vegas ($0.07), southwest ($0.03) and west central ($0.01). Two product types saw a rise in average asking rents, Incubator ($0.08) and light distribution ($0.04). Note: Rents are based on the vacant space reported by quarter, not the total building square footage.

Industrial projects completed year-to-date 2007 rented for an average of $0.74 per square foot (psf) per month. Projects completed between 2003 and 2006 had an average asking rent of $0.85 psf in Q3, 2007, down from $0.90 psf in Q2. Projects built between 2000 and 2002 averaged $0.90 psf, down from $0.82 in Q2. Projects built between 1995 and 1999 averaged $0.79 psf, and those completed prior to 1995 averaged $0.76 psf.

The consumer price index (CPI) for the western urban regions has risen by 18.2% since 2001 (the base year). Adjusting Q3's industrial rents for inflation, the average asking rent of $0.76 psf dropped to $0.65 psf. The graph (Figure 1) illustrates inflation-adjusted asking rents using Q1, 2001 as the baseline. As the graph shows, industrial rents, on average, did not keep pace with inflation for 20 quarters (5 years) until Q2, 2006. This lack of appreciation was helped by historically low mortgage interest rates that existed for much of the period.

Supply

Industrial completions in Q3 2007 totaled 935,543 square feet (sf), a decrease from 1,308,438 sf in Q2, 2007. Most of this new industrial space was located in the North Las Vegas (583,920 sf) submarket, followed by southwest (246,475 sf) and Henderson (105,148 sf). East Las Vegas, west central, airport and northwest submarkets saw no new completions. By product type, 64.5% of completions in Q3 were in warehouse distribution space (603,420 sf). There were no completions recorded for incubator space.

Forward supply rose in Q3 from Q2, increasing by 843,810 sf to 8,759,096 sf. Approximately 36% of this forward supply in Q3 was under construction (3,122,529 sf), representing approximately 3% of the existing inventory. Forward supply was concentrated in the North Las Vegas submarket (4.4 million sf). Most of this supply was warehouse distribution, R&D flex and light industrial space.

If all of the industrial space presently under construction or planned is completed (which is not likely), it would represent a 9% increase in the valley's industrial inventory. Additionally, if all available space (4,690,836 sf) in existing buildings were added to this forward supply, it would take approximately 14.3 quarters (3.6 years) to absorb it all, using the past four quarters' average absorption of 942,283 sf.

Demand

Net industrial absorption decreased in Q3, 2007 to 449,404 sf from 1,184,073 sf in Q2, 2007. This absorption equaled 48% of new supply, resulting in an absorption-to-completion ratio of 0.48:1. Absorption in Q3 was also less than Q3, 2006, when 1,627,794 sf were absorbed. Net absorption was positive for all products except light industrial space (-38,741 sf). Light distribution industrial space had the highest net absorption in Q3 with 211,724 sf, followed by warehouse distribution (200,024 sf), R&D flex (68,531 sf) and incubator (7,866 sf).

Net industrial absorption was positive in the North Las Vegas (637,190 sf), southwest (267,324 sf) and northwest (2,401 sf) submarkets. The airport (-277,814 sf), Henderson (-137,538 sf), west central (-25,003 sf) and east Las Vegas (-17,156 sf) submarkets reported negative net absorption.

The outlook

Investment in the valley's industrial market will continue to be bifurcated. High ceiling space in our office submarkets along the interstate system will continue to attract first class pricing and rents. Inland distribution centers like the valley, with a superior international airport, like McCarran will do well in 2008. Local manufacturers and retailers will continue to rent warehouse space, but new technologies are making some of these properties obsolete. That being said, we anticipate investment performance to moderate and possibly decline from abnormally elevated levels to more normal high-single-digit returns. The demand by pension funds for industrial space around the west should protect our local industrial market from pricing declines. In essence, the health of the valley's economy and land pricing patterns with the cooling off of the housing market will be the wildcards in the health of our local industrial market.

The office market

Economic trends

September 2007 office-oriented employment (the most recent month of available data) was up from September 2006, indicating continued growth in the Las Vegas MSA (the MSA) office market. According to the Nevada Department of Employment, Training and Rehabilitation, 230,600 office-related jobs were recorded in September 2007, an increase of 4,000, or 1.8%, from September 2006. During the 12-month period ending Q3, 2007, the largest increase was in education and health services (3,100 new jobs added), followed by professional and business services sector (1,000 new jobs added). The financial services sector recorded a loss of 100 jobs.

Vacancy and rents

The Q3, 2007 office vacancy rate was up for Class B and medical. Class B went up .8 percentage points to 11.4%, while medical rose by .4 percentage points to 7.0%. Class A and Class C vacancy rates declined. The reported Class A vacancy rate was 7.9% (down 2.6 percentage points) and that reported for Class C space was 13.3% (down .3 percentage points). Among the submarkets, vacancy dropped in downtown, North Las Vegas, northwest and southwest.

Office projects completed year-to-date 2007 were 35.8% vacant at the end of Q3. Projects completed between 2003 and 2006, some of which were still leasing up, had an average vacancy of 14.2%, a decrease from Q2, 2007's 15.6%. Projects built between 2000 and 2002 averaged 5.9% vacant, up from the previous quarter's 4.8%. Projects built between 1995 and 1999 were 7.1% vacant, a 1.2-percentage point increase from the previous quarter. Finally, projects completed prior to 1995 averaged 7.4% vacancy, a 0.3 percentage point increase from the previous quarter.

Overall, the valley's average monthly asking office rent increased to $2.52 psf. Rents rose in airport, Henderson, North Las Vegas, southwest and west central submarkets in Q3. The three largest increases were in the North Las Vegas ($0.19), Henderson ($0.07) and west central and airport ($0.06). Class C saw a $0.09 rise in average asking rents. Note: Rents are based on the vacant space reported by quarter, not the total building square footage.

Office projects completed year-to-date 2007 rented for an average of $2.68 psf per month. Projects built between 2003 and 2006 had an average monthly asking rent of $2.56 psf in Q3, up from $2.49 psf in Q2. Projects built between 2000 and 2002 averaged $2.25 psf, up from $2.24 in Q2. Projects built between 1995 and 1999 averaged $2.29 psf, up from $2.25 in the previous quarter. Finally, projects completed prior to 1995 averaged $2.05 psf, a decrease of $0.03 when compared to Q2.

The CPI for the western urban regions has risen by 18.2% since 2001 (the base year). Adjusting Q3's office rents for inflation, the average asking rent of $2.52 psf dropped to $2.13 psf. The graph illustrates the inflation-adjusted asking rents using Q1, 2001 as a baseline. As the chart (Figure 2) shows, office rents, on average, did not keep pace with inflation for 22 quarters (5.5 years) until Q4, 2006. This situation was helped by the historically low mortgage interest rates that existed for much of the period.

Supply

Office completions in Q3, 2007 totaled 747,106 sf, a decrease from the 989,922 sf recorded in Q2. Most of this new office space was located in the southwest (373,322 sf) submarket. One of the valley's oldest office submarkets, downtown, saw very few completions in Q3 east Las Vegas and North Las Vegas saw no new completions. By product type, most completions in Q3 were in Class B (222,284sf) and medical buildings (209,701 sf), with 29.8% and 28.1% of the total, respectively.

Forward supply increased in Q3 from Q2, by 682,920 sf to 6,457,992 sf. Approximately 36.1% of the forward supply in Q3 was under construction, representing approximately 6.3% of the existing office inventory. Most of this forward supply was concentrated in the southwest submarket (3.3 million sf).

If all of the office space presently under construction or planned is completed (which is not likely), it would represent a 17.4% increase in the valley's speculative office inventory. Additionally, if all available space in existing buildings were added (4,028,190 sf) to this forward supply, it would take approximately 15.8 quarters (four years) to absorb it all at the past four quarters' average absorption rate of 662,138 sf.

Demand

Net office absorption decreased in

Q3, 2007 to 664,476 sf from 821,558 sf in Q2. It also represented 89% of new completions in Q3, the resulting absorption-to-completion ratio of 0.89:1. Net absorption was positive for all products. Professional Class A office space had the highest net absorption in Q3 with 247,928 sf, followed by medical (168,597 sf), Class C (143,672 sf) and Class B (104,279 sf).

Net office absorption was reported in downtown (75,222 sf), Henderson (92,757 sf), North Las Vegas (17,505 sf), northwest (188,882 sf) and southwest (355,486 sf). Net office absorption was negative in the airport (-5,153 sf), east Las Vegas (-20,613 sf) and west central (-39,610 sf).

The outlook

The valley's office market is likely to be more susceptible to a decline in demand. In our opinion, investors will stay on the sidelines while long-term holders will enjoy healthy gains. New office project developers and owners will grit their teeth and hope the local economy supports their bets on future rent appreciation. The odds against these developers could get longer. We expect developers need to withdraw and the economy will have to dodge more spillover from housing-related implosion. In our opinion, high occupancy buildings will likely avoid ride out the market disruption, because of long lease terms and because our office market is at or close to equilibrium – a 10% vacancy rate. However, we do not anticipate a return of "sky is the limit" cap rates or significant rent increases because of the national economic jitters and the problems we are seeing in the office/condo market and its impact on spec Class B and C projects rents. Accordingly, 2008 will be a tenant's market.

The retail market

Economic trends

September 2007 retail employment (the most recent month of available data) was up from September 2006, indicating continued growth in the Las Vegas MSA retail market. According to the Nevada Department of Employment, Training and Rehabilitation, 100,400 retail jobs were recorded in September 2007, an increase of 2,600, or 2.7%, from September 2006. During this 12-month period, employment contributions came from the food and beverage stores with 800 jobs added and the health and personal care stores sector, with 300 jobs added. A loss of 500 jobs in the general merchandise and clothing stores sector was also reported. Note: The sectors reported are those, which have no federal restrictions on the release of employment data.

Vacancy and rents

The overall direct vacancy rate was 2.9% in Q3. This was 0.2 percentage points lower than vacancy recorded in Q2, 2007. Compared to the prior quarter, vacancy dropped for all product types. Neighborhood centers had the highest vacancy, at 3.7%, followed by community centers, at 3.1%. The lowest vacancy recorded was in power centers, at 1.1%.

Anchored retail projects completed year-to-date 2007 averaged a 12.2% vacancy rate. Centers built between 2003 and 2006 had an average vacancy of 3.3% at the end of Q3, down from Q2's 3.4%. Projects built between 2000 and 2002 averaged 1.5%, a 0.3 percentage point change from Q2's 1.2%. Centers built between 1995 and 1999 averaged 2%, while projects completed prior to 1995 averaged 2.5%.

Overall, the monthly average asking rent for anchored retail increased from $2.03 psf in Q2, 2007 to $2.25 psf in Q3, 2007, a $0.22 difference. The largest rise in average asking rents in Q3 were in the southwest ($0.51) and west central ($0.49) submarkets. Average asking rents also increased in the northwest ($0.38), northeast ($0.03) and Henderson ($0.01). Average asking rents fell in university east ($0.23) and North Las Vegas ($0.01). Average asking rents in downtown remained unchanged from Q2, 2007.

By product type, power centers had the lowest asking rent at $2.10 psf, while neighborhood centers had the highest at $2.27 psf. The largest increase in average rents in Q3 was in community centers ($0.32). Community centers saw the highest level of new completions (345,000 sf) which, in turn, resulted in higher rents. Note: Rents are based on the vacant space reported by quarter, not the total building square footage.

Retail projects completed year-to-date 2007 rented for an average of $2.87 psf per month. Shopping centers built between 2003 and 2006 had an average monthly asking rent of $2.52 psf in Q3, up from $2.34 psf in Q2. Projects built between 2000 and 2002 averaged $2.31 psf, up from $2.22 in Q2. Centers built between 1995 and 1999 remained unchanged at $1.72 psf from Q2. Finally, projects completed prior to 1995 averaged $1.74 psf, an increase of $0.21 when compared to Q2.

The consumer price index for the western urban region has risen by 18.2% since 2001 (base-year). Adjusting for inflation, the average retail asking rent of $2.25 psf in Q3 dropped to $1.90 psf in Q2. The graph shows that since Q2, 2003, inflation- adjusted, or "real" rents, have generally kept pace with inflation in most part of a 6-year period, with rents above the Q1, 2001 baseline value of $1.47. Historically low mortgage interest rates had the effect of mitigating operating costs for developers. However, flat rents did not help developers relative to rising construction and land costs.

Supply

A total of 417,000 sf of new space was completed in Q3, 2007, bringing total inventory up to 39,698,365 sf. By product type, completions were divided between neighborhood centers (72,000 sf) and community centers (345,000 sf), while power centers saw no new completions. Notably, over 54% of this new retail space was located in the southwest (228,000 sf).

Forward supply at the end of Q3 stood at 3,644,523 sf, of which 54% was under construction (1,968,213 sf). This was down slightly from the prior quarter's forward supply of 3,861,523 sf. At the end of Q3, 52% of the space under construction was in North Las Vegas (1,023,899 sf), followed by the southwest (944,314 sf). Submarkets seeing no construction activity were downtown, Henderson, northeast, northwest, university east and west central. Also, the bulk of known planned retail space was located in the Henderson (650,000 sf) and North Las Vegas (574,700 sf) submarkets. Other planned space was in the southwest (305,200 sf), northeast (90,700 sf) and downtown (55,710 sf).

If all of the anchored retail space presently under construction or planned is completed (which is not likely), it would represent a 9.2% increase in the valley's retail space inventory. Additionally, if all available space in existing buildings (1,167,371 sf) were added to this forward supply, it would take approximately 5.9 quarters (1.5 years) to absorb it all, (using the last four quarters' average absorption of 819,388 sf).

Demand

Net retail absorption decreased to 460,286 sf from 763,920 sf in Q3 2007, with an absorption-to-completion ratio of 1.1:1. Net absorption in Q3 was highest in the southwest with 195,479 sf, followed by northeast with 123,639 sf. Positive net absorption was also recorded in northwest (77,921 sf), west central (69,239 sf), university east (34,009 sf) and North Las Vegas (4,256 sf). Henderson (-44,257 sf) recorded negative absorption and downtown had no absorption for the quarter. By product type, community centers saw the highest net absorption in Q3, with 448,237 sf, followed by power centers (16,740 sf). Neighborhood centers recorded negative absorption of 4,691 sf.

The outlook

In our opinion, the worst-case scenario for the valley's spec anchored retail market is a potential beating from a recession. However, our research and discussions with local experts indicate that we remain underserved from an anchored retail standpoint. And, while the valley's retail market is likely to cool off in 2008, we are likely to weather the national economic uncertainties. That being said, wage increases and low unemployment will be needed to mitigate the valley's depreciating housing market. Regardless, we expect a market risk increase, and returns to further drop from off record highs in 2004-2007. The big X factor is where consumer confidence heading as hover around $95 per barrel for oil. cre

Use Europe as a perfect green role model

David Michael Cohen
President
Green With Ease

One of the greatest pleasures in the world comes in the form of an airline ticket. Traveling not only enriches my life culturally, it stimulates and satisfies my senses of sight, smell, taste, and feel. I just returned from a two-week trip to Paris, Venice, Siena, Rome and the Amalfi Coast, where I witnessed man's unbelievable ability in architecture, art, and sustainable development.

Spending a large portion of my life in Canada, I was already aware that the United States seemed to be one step behind everyone else when it came to conservation and sustainability. However, two weeks in Europe was almost a slap in the face as a wakeup call.

In a New York Times magazine article entitled "Why Are They Greener Than We Are?" written by Nicolai Ouroussoff, it states that green architecture in Europe has become an everyday reality. A new generation of architects in Germany and the Netherlands have expanded the definition of sustainable design beyond solar panels and sod roofs. Matthias Sauerbruch says, "The eco-friendly projects you saw in the 1970s, with solar panels and recycled materials, they were so self-conscious. We call this Birkenstock architecture. Now we don't need to do this anymore. The basic technology is all pretty accepted."

In the United States, there is a current trend toward "green" construction, with issues showering the media on a daily basis. However, there is still no universal standard for buildings and code hasn't caught up with the efforts necessary to conserve resources and energy in design and development. Which is ironic since, according to some estimates, buildings consume nearly as much energy as both industry and transportation combined. Other estimates state that US buildings waste 35 percent more energy than their German counterpart.

I remember growing up conserving energy at home. Have we always been like this? Some of the great architects of the past, Frank Lloyd Wright, Rudolf Schindler and Richard Neutra, all worked towards a harmonious line between the indoor and outdoor spaces. During the height of the Cold War, Buckminster Fuller had visions of a more ecologically balanced world. With his geodesic domes, Fuller created a prototype for an inexpensive housing alternative that could withstand extreme weather, yet were practical and lightweight.

By the mid 1990s, European construction was mandated to meet certain energy standards. Sustainability became such a normal way of design and construction that design professionals began going off on creative tangents, pushing the limits of acceptable material reuse as well as combating the challenge of creating green buildings that are both beautiful and cutting edge.

For now, the United States is leaving the decision to the client. Although the US Green Building Council has created LEED guidelines for qualifying and certifying green buildings, this is still a voluntary program that has very little effect on the majority of commercial or residential construction. Furthermore, any kind of guideline will lead to a more constricted idea of what sustainability means. cre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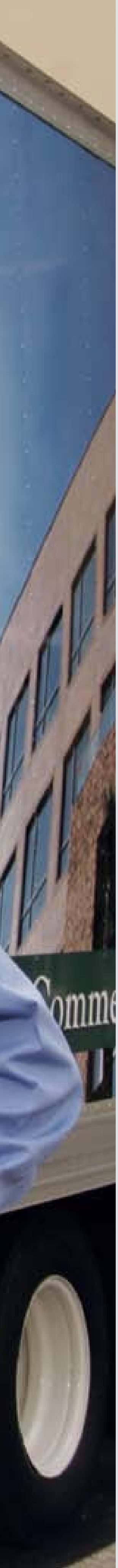


Gatski Commercial:

An American success story

By Danielle Birkin
Contributing writer

Frank Gatski, CPM, CCIM, has been immersed in the Southern Nevada commercial real estate industry since the late 1980s, and has emerged as a top-performing executive in a rapidly growing and competitive marketplace.

As president of Gatski Commercial Real Estate Services – a local full-service commercial property management, leasing and brokerage firm – the longtime Las Vegas resident has successfully merged his inherent entrepreneurial spirit with his intense interest in real estate. “I have always been fascinated with the commercial real estate industry, but I’m not sure where that fascination came from,” said Gatski, a native of Athens, Greece, who moved to Las Vegas as a teenager in the late 1970s. “I guess I thought it would be a business where the sky is the limit and you can reach your own potential and be creative as well. Growing up, I always knew I had the ambition to make my own mark and make a name for myself, and I always wanted to own my own business.”

Gatski has, indeed, achieved these goals, acquiring Gatski Commercial – formerly Equus Management Corp. – in 1999. But he did not dive into the real estate industry without first testing other waters. “I had many different jobs trying to find myself as a young man,” Gatski said. “I have done everything from delivering bread to casinos for a bakery to working at America West Airlines, where they cross train you,” he said. “My first job out of high school was an apprenticeship with an electrician and I pursued that for about two years. I also had a job at a theater, because I was a real theater buff. Then I got into the real estate business in the late ’80s as a commercial leasing agent with InterWest Commercial Real Estate Network after being turned down by a lot of folks. I starved to death that first year – I made about $8,000 – but I hung in there.”

His perseverance paid off. Through mutual family friends, he met Tito Tiberti, president of J.A. Tiberti Construction Co., who hired him as a property manager in 1989. It was an opportunity Gatski described as a stroke of luck because it provided him with a hands-on learning experience that allowed him to cut his teeth in the real estate industry.

“The company had a lot of commercial property and was still active in development. I got to meet a lot of wonderful people in the business and continued my education through the Institute of Real Estate Management and CCIM (Certified Commercial Investment Member) institute, Gatski said. “That’s really when it clicked. I found commercial property management to be something I thought I could do well and pursue as a long-term career that would not be limiting. It’s funny how things end up. You don’t just roll out of bed one morning and say, ‘I want to be a property manager.’”

Gatski remained with Tiberti until 1993, when he joined Equus as a property manager, having been recruited through the Institute of Real Estate and Management. He said it was a difficult decision, but one he thought would ultimately allow him to grow professionally, which it did. When Gatski joined Equus, it was a private partnership for a family out of Manhattan Beach, Calif., and had a Las Vegas office for its local management portfolio. “There were only two people, including me, in the office when I started, and I worked seven days a week for three months straight, wondering what I got myself into,” said Gatski, who went on to become company vice president.

Several years later, Gatski was offered an equity position with another firm, but the owners of Equus did not want him to jump ship, so they arranged for Gatski to acquire the company through a “a very creative, sweat equity type of transaction, where I paid them back through future business and growth,” said Gatski, who immediately set about establishing a tangible presence in the Southern Nevada commercial real estate industry. Given the company’s growth and client roster, he seems to have done just that.

> “I think the more services I have in house, the better service I can provide my clients.”
>
> **Frank Gatski**

When he took the reins, the company had six employees and approximately 400,000 square feet under management. Today, the company has 62 employees, 25 of whom came on board in the last 18 months, and a portfolio of nearly 4.5 million square feet of space comprised of more than 100 properties with more than 1,200 tenants. The company’s 2006 revenue was $3.7 million, an increase from $2.3 million in 2003 according to inc.com, and since Gatski assumed the position of company president, Gatski commercial has more than quadrupled its commercial real estate portfolio, which includes myriad premier properties such as Pavilion, a posh new class A office building that Gatski said is attracting first-rate tenants that includes City National Bank, Fertitta Enterprises, UBS and Hill International. Located on West Charleston Boulevard in Summerlin Centre, the 154,000-square-foot facility is a shining star in Gatski Commercial’s portfolio. “It was a very competitive bid process to win that account, and we are very proud to have been selected by the owners,” said Gatski, adding that the first occupants of the building have already begun to move in.

Other major properties include the 176,000-square-foot Buffalo Square, which is anchored by Lowe's; the 104,705-square-foot Desert Inn Commercial Center, which is anchored by Vons; the 132,170-square-foot Rhodes Ranch Town Center; and the 268,547-square-foot Palms Business Center South & III.

Gatski said over the last 18 months, Gatski Commercial's retail portfolio has grown to about 30 percent of the company's total pie, an increase from about 10 percent. He credits this shift to a surge in retail development in the valley, and said his company has picked up increased retail business because of its reputation as a leading property management, leasing and brokerage firm.

As an additional boon, Gatski Commercial Real Estate Services also offers one-stop solutions that set it apart. Clients who want to maintain curb appeal, for example, can take advantage of Gatski's commercial landscaping division, where a team of experienced professionals keep properties looking sharp and ready for business.

Gatski's building maintenance division, on the other hand, keeps client interior space up to snuff, with a comprehensive list of services that includes strategic, long-term operational plans and immediate repairs for emergencies or routine upkeep.

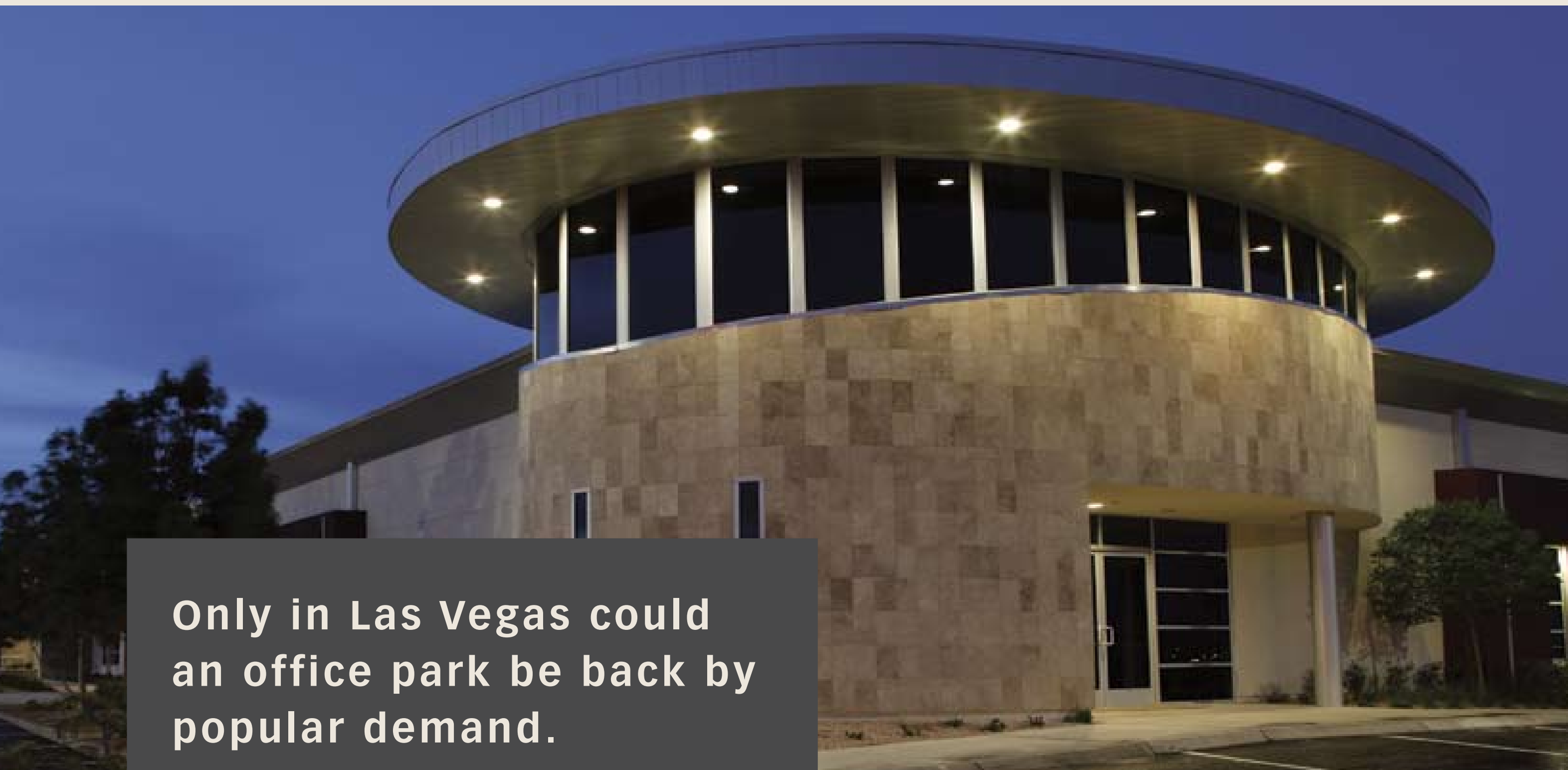
Need mold remediation? Not a problem. This in-house approach has been well received by clients and has helped to propel growth. Gatski said he was inspired to incorporate add-on services – which many competitors tend to outsource – into his business philosophy when he first joined Equus. "I was able to try a few different things … such as starting a maintenance division, that have really led to where I am today," he said, adding that Gatski Commercial also has an emergency response team. "If there is a fire, or a flood, or vandalism or a car runs into a building, it's nice to have your own team to respond and start remediation and the cleanup process. Plus, I think the more services I have in house, the better service I can provide my clients."

In keeping with this theory, Gatski Commercial recently established a business brokerage division, which will allow the company to assist clients sell a business or open new locations for an existing business. The company will also have an inventory of businesses for sale. This new business brokerage division is expected to benefit Gatski clients as well as buyers and sellers in the local business community, according to Frank Lee, who joined the company as senior vice president of the new division. "We provide guidance and expertise … by gathering the business information they provide and passing it along to buyers that are searching for that type of business," Lee said in a statement. "We can also assist sellers by finding additional locations to expand their already established businesses."

As a further testament to Gatski Commercial's success, the company placed No. 4,054 on the Inc. 5,000 list, which is ranked according to percentage revenue growth from 2003 to 2006. Gatski attended the Inc 500/Inc. 5,000 conference in Chicago in September, and said he gained an unexpected insight regarding his company's role in the marketplace and his responsibility to his employees and the community at large.

"When I went to the Inc. 500 conference, it really impacted me to see all the entrepreneurs who work in our country, and the common thread seemed to be purpose not money, about passion for what they were doing," Gatski said. "I came back empowered and got the whole company in the room. I shared with them a whole new vision and purpose." A purpose, he said, that is the company's responsibility to contribute to the community and to society. "Our portfolio houses small mom-and-pops, churches, schools and small growing businesses in addition to larger owners like shopping centers and office buildings, and we are responsible for helping them to succeed."

As for the future of Gatski Commercial Real Estate Services, "I am excited," said the company's forward-thinking owner. "For almost eight years we grew slowly and methodically by word of mouth, and my goal was to reach 3 million square feet, which we reached in 2006. I always thought that a good Southern Nevada commercial real estate company should be able to attain a 6-million-square-foot portfolio, but I have started to shoot higher because I hit 4.5 million about three years ahead of my projections. In the next five years, I see 100 employees working at Gatski and 7 million square feet in our portfolio." cre



Navigating the tenant improvement process

Suzette La Grange
Vice President
Colliers International

Today, there are many exciting opportunities to lease commercial real estate in brand new buildings but many business owners dread the thought of new office space build out because of a lack of time, money and experience. But the expenditure of time and money may be worth it because, with proper planning, tenants often realize they occupy more space than they need and leasing a smaller space with a better configuration could actually cost less. Additionally, new space may be more cost effective in terms of reduced operating expenses because of improved building materials, insulation, natural lighting and more efficient air conditioning and heating units.

Though moving your business to a new facility may seem daunting, it doesn't need to be. With guidance and the right team in place, a business can move into new, more efficient space that will allow the business to continue to grow, add new clients, and attract and retain the best and brightest employees. The key is building a team of professionals to help choose the space and negotiate the terms of the lease.

In newly-constructed commercial buildings, landlords typically provide a tenant-improvement allowance (TI). This is money the landlord contributes toward the construction of the interior space within an office, industrial, or retail building. The problem is that the TI allowance is usually not enough to cover all of the office space construction. It's no surprise, then, that many lease negotiations break down when the tenant learns improvements will cost 50 to 100 percent more than the TI allowance. That's why it's so important to plan ahead and get proper guidance before entering into lease negotiations.

Putting together your team

The first step in the tenant improvement process is to hire an architect or space planner that specializes in your industry. For example, some specialize in general office or medical office space; others have extensive experience handling restaurants, specialized manufacturing or retail uses. Find people who know your industry.

Second, make sure the architect or space planner you choose visits your current facility and understands how your operation works. Once that's established, he or she can prepare a preliminary space plan that will show how much space you actually need to accommodate current requirements as well as future growth.

Next, select a general contractor you trust and one that has your pocketbook in mind and who will attempt to minimize construction costs and work with you on a "design-build" basis. This means the contractor becomes part of the team and invests time in the planning phases with the guarantee they will be selected to build out the improvements. A good design-build contractor can provide space-design and finish alternatives to reduce costs and still provide the look you want without sacrificing function or efficiency. But, be sure to select a professional contractor highly experienced in building commercial office space because all plans must be submitted to the landlord for approval. When you have plans, final costs and timelines from permit through completion prepared, you're ready to negotiate.

Negotiating the best deal

The architect and the general contractor should remain involved throughout the negotiation process because the architect may determine that one of the buildings under consideration will accommodate a more efficient configuration that results in a smaller, less expensive space. The general contractor can determine if other factors, like air conditioning units or electrical panels, are included. The lack of these and other incidentals will jack up costs if they are not included in the package.

Many tenants don't realize that the space configuration and the tenant's creditworthiness play an important factor in the landlord's decision on the TI allowance. If a space plan is highly specialized and will not translate well into a workable configuration for a future tenant, the landlord is less likely to contribute money. A startup company without a long operating history may find it challenging to get the landlord to contribute additional TI dollars.

But if neither is a consideration, the cost estimate you provide the landlord will help because, like it or not, the TI process is a large part of the lease negotiation.

The preliminary space plan, also known as the letter of intent or proposal stage, will be provided to the landlord for review in the first round of negotiations. The goal is to get "turnkey" tenant improvement from the landlord so the cost doesn't come out your pocket. But if all or part of it does, the next best option is to amortize the portion not covered. By amortizing costs, the landlord functions as a banker and provides the construction funds that the tenant repays (with interest) in the form of higher rent over the term of the lease.

Many landlords provide tenant space-planning services, but it is better to have your own team of architects, space planners and contractors. Otherwise, if you are negotiating with multiple buildings, you could find yourself in the confusing position of working with multiple space planners and contractors.

By working smart and investing the necessary time and a little money up front for the space planning and construction process, you will be better prepared to make the best real estate decisions and negotiate the best lease possible for your business. And in the long run, save a great deal of money. cre

The Arroyo packed full of amenities

By Danielle Birkin
Contributing writer

EJM Development Co. is successfully juxtaposing the practicality of a deftly-conceived master-planned commercial project with the appeal and convenience of a pedestrian-friendly neighborhood setting to bring one of the company's flagship projects, The Arroyo, to fruition. Construction is well under way on the project, which is strategically located in the burgeoning southwest valley off the 215 Beltway between Rainbow Boulevard and Buffalo Drive.

Drawing upon the natural beauty of the surrounding desert landscape, the project comprises 450 acres that will house a mix of office, retail and industrial space, according to Kirk Boylston, director of Los Angeles-based EJM Development's Nevada division, who added that The Arroyo is expected to offer more than 5 million square feet of space at its projected build-out in 2012.

Centered around a natural arroyo, with meandering walkways and interconnecting footbridges and seating, The Arroyo has a design and layout cohesiveness that will set it apart from other large Las Vegas commercial projects, in part because of the meticulous planning that went into the conception and realization of the master plan, Boylston said.

"We spent a lot of time developing and refining the master plan and designing the infrastructure, architecture and the features we wanted. We have an uncommon degree of design not normally associated with this sort of development, which encompasses projects from Class A office and high-end retail, to industrial and power-center retail," Boylston said.

Although he said EJM centers its projects around Class A office space, The Arroyo has a complementary mix of uses that will augment its appeal while simultaneously upholding the high standards of the development. "Our projects within The Arroyo that would not normally be considered an asset when discussing corporate office product, namely industrial and big-box retail, are of an architectural quality and design that far surpasses typical product of its type," Boylston said, adding that several major retail anchors — including Best Buy, Bed Bath & Beyond and Marshalls — have already opened in the 90-acre, 940,000-square-foot Market Square, the development's $150 million retail power center, which is a venture between EMJ and Laurich Properties.

Market Square is nearly 100 percent leased, and will include 75,000 square feet of restaurants and small-tenant retail that will further enhance The Arroyo. "The Arroyo has everything that an office tenant would need right on site, so they don't have to leave to eat or shop, and that has been a big plus for us," Boylston said. "Our goal is to "amenitize" this project to the point that tenants at The Arroyo can find everything they need in regard to dining and shopping without leaving the site."

Located adjacent to Market Square, The Arroyo's primary office component, Arroyo Corporate Center, will feature 1.5 million square feet of Class A office space. The first phase will offer two office buildings totaling approximately 125,000 square feet. Arroyo Office South will comprise three single-story office buildings each totaling 46,230 square feet.

As for industrial product, Arroyo North Industrial Park encompasses 10 buildings totaling more than 1 million square feet. Phase I is entirely leased, while phase II, which recently completed construction, is in the lease-up stage. Arroyo South Industrial will comprise seven buildings totaling 388,500 square feet and is currently under construction.

While The Arroyo is located equidistance between Summerlin and Henderson, it is also within minutes of McCarran International Airport, Las Vegas Boulevard and I-15, and offers visibility and easy access from the Beltway. Boylston said the location is ideal for a project such as The Arroyo, particularly given the growth in the southwest valley. cre

Minority business enterprise certification

Erick Sanchez
President
General Design & Construction

With diversity initiatives a priority on many national and local corporation business agendas, minority-owned businesses can take advantage of more commercial-construction and supplier-bid opportunities than ever before.

On a local level, many high-profile casino resorts have established diversity programs in an effort to eliminate inequalities and create opportunities. These initiatives also broaden a company's supplier base, allowing it to receive a greater number of bids, which gives it the ability to choose the most competitive bid and the highest quality of services and products.

For general contractors, subcontractors and other construction business companies, diversity programs allow minority-owned businesses to get in front of decision makers and construction project managers. However, diversity programs are not limited to the contracting industry. In addition to construction services and supplies, hospitality companies often have a need for a large amount and variety of supplies such as banquet equipment, artwork, arcade prizes, spa supplies, apparel and more.

The MGM MIRAGE has a strong diversity program that was set in motion in 2000 and has since earned the corporation numerous awards and recognition for its dedication to diversity. MGM MIRAGE has a supplier diversity initiative and a construction diversity initiative in which it seeks general contractors, subcontractors and construction suppliers as well as general suppliers who are certified minority, women and disadvantaged business enterprises.

Station Casinos Inc. is another casino with a well-established diversity program that offers minority-owned, women-owned, disadvantaged-business and small-business enterprises access to purchasing representatives. Station's program also offers information sessions, workshops and seminars relative to procurement strategies as well as networking opportunities.

The Venetian also has a diversity program in place for suppliers across a variety of industries from food and beverage and office supplies to engineering and construction.

To participate in a hotel diversity program, businesses must be able to fulfill a need the company is looking for and also offer the highest quality of services and products. Corporations such as MGM MIRAGE, Station Casinos and The Venetian, as well as other local casino resorts, have extremely high standards and only do business with other companies that value quality and reliability. In addition, minority-owned businesses are required to show proper certification as a minority business enterprise (MBE).

Becoming properly certified requires a business to go through a certifying agency, such as WMBE Enterprises Inc. or National Minority Suppliers Development Council (NMSDC), to name two. In Nevada, certification can be obtained through the Nevada Minority Business Council (NVMBC), a NMSCD affiliate.

For information on certification procedures in Nevada, contact the Nevada Minority Business Council at 702-894-4477 or visit its Web site at www.nvmbc.org. cre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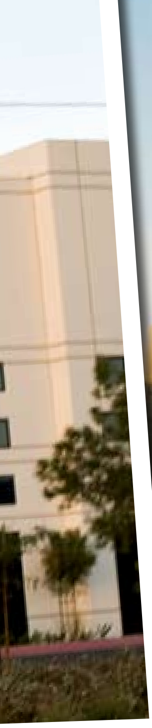

In Focus: North Las Vegas

Boom Town

Projects continue to pop up in North Las Vegas — an area that has attracted a flurry of activity in the commercial real estate market

At American Stone's two-story showroom, LM Construction is using tilt-up walls with poured in place stone panels.

LM Construction helps build North Las Vegas

By Danielle Birkin
Contributing writer

While other children collected baseball cards and played with Lincoln Logs, Larry Monkarsh hung out at construction sites with his father, Gene Monkarsh, and collected slugs from electrical boxes, wood blocks and other discarded materials. By the time Monkarsh was a teenager, he worked as a laborer, was fluent in construction industry lingo and developed a passion for building that would cement his professional aspirations.

To that end, Monkarsh founded LM Construction Co. in Las Vegas in 1996, just one year after relocating to Southern Nevada. Since its inception, the company has built more than 3 million square feet of industrial and commercial flex space, concentrating not only on concrete tilt-up construction and tenant improvements, but also design-build projects, taking clients through the concept stage through completion. LM Construction employs 135 people and had 2006 billings of $33 million.

The company has several projects in North Las Vegas, including a 40-acre parcel along the Speedway Corridor. Monkarsh joined forces with his father on the property, which is bordered by Centennial Parkway, Mt. Hood Street, Shatz Street and Azure Drive, and is being developed by the father-and-son duo through their new entity Centennial West LLC.

Given the dwindling supply of available land, they had the foresight to purchase the parcel several years ago, and are now striving to keep costs down by offering many services in house and serving as the owner, developer and contractor on the project. LM has the ability to take a vacant piece of land, design the structure, complete the shell construction and make tenant improvements. Bundling services under one roof and minimizing expense is critical when land and construction costs continue to ascend, and developers, land owners and general contractors have to find creative ways to make commercial projects feasible.

"We purchased those 40 acres two and half years ago," said Monkarsh, a third-generation contractor. "My father has been doing this for 45 years – and my grandfather did this for a living as well – and he has a knack for determining what needs to be built. But options for industrial developers have shrunk considerably in other parts of the valley, and the only place we can develop affordable industrial projects is North Las Vegas, and primarily in the Speedway sub-market."

Michael Carroll, LM Construction's general manager, said the company's latest project is expected to attract business owners who live in the north valley area and those who need unimpeded access to Interstate 15 and the Beltway. He anticipates industrial tenants, although automotive tenants may be lured as well. "It will attract some automotive-related tenants because of the synergy of the Speedway and freeway access," Carroll said. "The area has also been historically very popular for food services. With Cisco up there, I think it will continue to attract food suppliers."

As for Centennial West, two distribution centers are being developed on 10 acres and will offer a combined total of more than 156,000 square feet of industrial space, Monkarsh said. Bays will be available in increments of 6,000 square feet and 15,000 square feet, and construction is expected to be complete in the fall of 2008. Southwest Gas purchased an additional 10 acres of the parcel and plans are in the works to develop the remaining 20 acres. "North Las Vegas has a very pro-business attitude and we're excited to do business there," Monkarsh said.

Carroll agreed. "The city of North Las Vegas has a very active and accessible economic development department, and they have been a big driving force. Ten years ago, it was a no-mans-land up there and I don't think people anticipated there would be widespread development. Nobody could have foreseen how rapid-

Larry Monkarsh

ly that community would grow and that there would be such demand for industrial space."

Mike Majewski, director of economic development for the city of North Las Vegas, said the city does indeed endeavor to draw new business to the area as well as maintain relationships with local companies. "I think that in North Las Vegas it's about partnerships, and any time you have a company like LM Construction, they make the investment to our community and create jobs in our community," Majewski said. "They are renting space to make a profit and we are helping them lease their facilities. It's a win-win situation. North Las Vegas has focused on attracting capital investments and job opportunities, so not only do we offer the same kind of business climate, but we go the extra mile to work with the private sector and try and assist them."

In addition to Centennial West, LM Construction has several other commercial and industrial projects in North Las Vegas, including a 20,000-square-foot, two-story showroom for American Stone near Cheyenne Avenue and Interstate 15. LM Construction tilted the building, which has poured-in-place stone for walls – something of a novelty, Monkarsh said.

Additional North Las Vegas projects include Northwest Crossing, a 130,000-square-foot light industrial space completed in February. LM is currently doing tenant improvement at the site. Two other projects include Pecos & Gowan, which has 14,000 square feet of retail space, and Lake Mead & Simmons, which comprises 14,000 square feet of retail/restaurant space.

As for the future of the company, Monkarsh said they continue to look for new projects to develop. "It's in my blood to consistently find the next project," he said. cre

Raceway Business Park offers fast-tracked development options

By **Brian Sodoma**
Special Publications writer

The overhead sound of the Thunderbirds practicing for an air show is what Mitchell Wilson, president of Cross Creek Development, calls "the sound of freedom." He's also banking on the fact that business owners or developers will consider walls vibrating from fighter jets maneuvering above as a sign to buy industrial space at his 40-acre Raceway Business Park, near the Las Vegas Motor Speedway.

Since purchasing the land (at the northwest corner of Hollywood Boulevard and Ann Road), less than a mile southwest of the speedway, three years ago, Wilson has been pulling permits and doing infrastructure work for what he estimates to be a fairly short sales cycle for Raceway's two-phase build out. The first phase includes 16 pads totaling roughly 145,000 square feet of office/warehouse, or flex space, either for sale or lease. Wilson looks to sell the sites, but is open to leasing opportunities as well. The first phase's 10 acres front Hollywood Boulevard, which is considered a national truck route, and each concrete tilt-up building will be set on a one-acre parcel with ample yard storage, allowed for by the site's M-2 zoning. Buildings will also be 24 feet tall with second floor mezzanines. Eight-foot block walls will surround each pad, and the business park will be CC&R controlled.

Brian Gordon, principal with Applied Analysis, a local economic research firm, said the yard concept has been popular with industrial parks in the last few years. "Users seem to be demanding that flexible outdoor yard space for storage. It's useful to a certain segment of businesses," he said.

Wilson said the purchase prices on the first-phase buildings run between $145 and $185 per square foot. Each building allows for between 18 and 20 percent to be used for office space, the rest as warehouse space. The structures are modeled after Cross Creek's Polaris Crossing complex near Russell Road and the I-15, where sales prices fetched over $230 per square foot only a year ago. Wilson said Raceway's amenities and easy freeway access to I-15 and I-215 make it a far better value than anything in the south valley.

"The pricing is far better up here. So many businesses have been displaced [because of] higher land prices. It's really a good time to get in up here before the prices go up," he said.

The second phase of Raceway involves 30 acres bordered to the north by El Campo Grande Road (which will eventually have its own I-15 on and off ramp) and Ann Road on the south. Utilities are already in place and Cross Creek can accommodate anything from a 10,000-square-foot to a 500,000-square-foot user. Wilson said prices range between $17 and $22 a square foot for the improved land, which is also over-excavated, allowing for users to put build-

A rendering of a portion of the 40-acre Raceway Business Park.

"The pricing is far better up here. So many businesses have been displaced [because of] higher land prices. It's really a good time to get in up here before the prices go up."

Mitchell Wilson
President, Cross Creek Development

ings on yard space if desired.

"With our improvements and utilities being on site, we've easily taken a year off the permitting process for either an end user or a developer to come in and build a site catered to their exact needs," Wilson added, while estimating only a 2-month permitting process to build out a site on the 30 acres. "And in the end, time is a real cost savings."

At the north end of the 40-acre site will be four restaurants and a tavern. "There's a lot of drive-through traffic up there, and people who work up here or go to events [at the speedway] don't really have a place to eat," Wilson said, while adding that he is also hoping to attract some automobile-related businesses to his front 10 acres, a move similar to Henderson's Pacific Business Center, near the Auto Show Mall, which once even had an automobile-themed restaurant.

With plenty of interest, Wilson expects the 16 buildings, which are currently going vertical, to be an impetus for future sales. "Once people see things coming out of the ground, it really helps," he added.

Gordon added that the site's flexibility to accommodate a large or smaller user, as well as having utilities available, are plusses. But he concurs with the importance of prospective tenants actually seeing buildings going up instead of only site plans.

"Flexibility in any development environment is a positive attribute," Gordon added. "But like anything, once you move forward, the ability for users to be able to touch and feel and see the buildings helps the perception." cre

North Las Vegas' Cartier Business Center nearly sold out

By Brian Sodoma
Special Publications writer

Having taken advantage of a surge in demand for industrial space in the past two years, Cartier Business Center in the north valley is 70 percent sold out and looking to soon close the books on the last three of its 10 flex buildings.

Located at the corner of Cartier Avenue and Nellis Boulevard in North Las Vegas, Cartier's buildings, developed by Crisci Builders, boast roughly 6,000 square feet of office/warehouse space, with additional side yards ranging between 4,000 and 5,000 square feet. "We wanted to provide something we ourselves always thought was in need. It's hard to find a piece of property where you own all the land and it's not only a warehouse and office, but also has a decent yard," said Ben Cornwall, vice president of development for Crisci Builders.

Having just completed the tenth and final building on the site, Cartier's buildings are priced at $800,000, or roughly $135 per square foot. Two owners share a front driveway but have their own fenced space in the back lot, each roughly four-tenths of an acre in size. Twenty-foot high ceilings inside the tilt-up buildings allow users to build a second floor office. In addition, two front door entrances can allow for sub-leasing or additional isolated executive space with its own private entrance. Small manufacturers, like subcontractors who build some product and store materials on site, are typical buyers, Cornwall added. Some of the tenants who have bought into Cartier include: Par-3 Landscaping, Cutting Edge Cabinets, Sheedy Hoist Co. and Denko Drywall.

Cornwall said that easy access to the Lamb Boulevard exit at I-15 has been a strong selling point for the property. "It's helped. You don't have to get off at Lake Mead or Las Vegas Boulevard."

The area around Cartier has been undergoing its share of redevelopment in recent years. A new Lowe's Home Improvement store sits across the street from the site, and developers have been snapping up 20- and 40-acre parcels for redevelopment, said Cornwall.

By selling off its buildings instead of leasing them, Cartier also represents a more common business development model for the valley's industrial market, particularly in North Las Vegas, where industrial lease rates averaged only 60 cents a square foot, triple net, through the third quarter, according to Applied Analysis, a local economic research firm. With the lowest average lease rates in the valley, North Las Vegas' rates are 12 cents per square foot lower than the valley average and far below the west central valley industrial submarket, which is averaging the highest rate overall of $1.05 per square foot.

"Lease rates have failed to keep pace with overall development costs, which has made it difficult for some developers to build spec for-lease product," said Brian Gordon, a principal with Applied Analysis. "The development of a for-sale product is a different investment strategy that allows for disposal of the asset a lot quicker to individual users. … We're also seeing more business owners looking to buy more than rent. We may see that model shift as [lease] prices escalate."

"Until lease rates rise, this is really the only way to go," Cornwall added.

When lease rates will climb to a point where developers consider building for-lease product again is a matter of debate, said Gordon, especially since overall industrial vacancy rates are starting to creep up valley wide.

"I think we've seen an accelerated level of demand over the last two years with a lot of industrial condos, a lot of for-sale product. And while land and building prices go up, people are looking at opportunities [to buy] before they climb too high," he said, while adding that vacancy rates are still quite reasonable. "Now we're seeing a little bit of a softer demand and slight increases in overall vacancy from 3.5 percent a year ago to 5.4 percent today, which is still well below the national and regional average."

Cornwall said Crisci is eyeing other development opportunities in the area, but doesn't have anything on the drawing board at this time. The developer, which has been in the valley for 18 years and currently sees about $80 million in annual revenue, also says North Las Vegas' negative image is starting to slowly erode as developers weigh future options. "I don't think North Las Vegas gets a fair shake… I think there's a lot of opportunity up here," Cornwall added. cre

The Cartier Business Center is composed of 10 industrial flex-space warehouses that total 56,000 square feet.

Into The Gro

New shopping center near capacity on Craig

By Deborah Roush
Contributing writer

For Daphne Weekly, a realty specialist for the U.S. Armed Forces, The Grove, a new shopping center on Craig Road anchored by the now-open Smart and Final, was an ideal location for a recruiting station. "We chose The Grove because there are five high schools within the area and Craig Road is an active highway," Weekly said. "This is a recruiting mission. We move into areas where there is high visibility, high walk-in traffic that's close to retail and schools that will draw recruiting-aged people." Weekly said the recruiting branch is leasing 2,400 square feet and is expected to open in mid-January 2008.

Phillip Baca, retail sales and leasing specialist for Las Vegas' NAI Horizon, which is handling The Grove leasing, said the U.S. Armed Forces branch will be one of 20 to 25 tenants in the 55,000-square-foot center owned by Kamros Holdings LLC, a local development company. Baca said The Grove is about 70 percent leased to a cross section of restaurants and service providers. "We have a Tropical Smoothie, a Saxbys Coffee, an independent restaurant called Catch 22, which is a fish place, a T-Mobile franchise, a Playas Taco Shop, Four Aces Smoke Shop and a barber shop and beauty salon, among others," Baca said.

With about 40,000 square feet leased, Baca said room remains for 15,000 to 17,000 square feet for interested tenants. "We have room for different types of restaurants. We can do Italian or pizza and we need a sub shop," he said. "We also need several types of neighborhood services including a dry cleaner and a PostNet or Kinko's — a shipping type of place," he said.

Baca said the center's anchor, Smart and Final, opened in September and is a draw for shoppers. "Smart and Final is a business-to-business supermarket. They sell items in bulk for restaurants and that type of use. But they also sell to the public; you can get bulk frozen foods ... [anything] from bread to paper plates. You name it, and they have it."

Baca said the center's frontage is all on Craig Road. "It's almost like being on one big pad out in front of the center; that's how close it is to the street," he said. "There is excellent visibility. And it is the first major shopping center off I-15 heading west," he added.

In addition, more than 52,000 cars per day travel Craig Road, according to NAI Horizon marketing materials for The Grove. With more than 110,000 people in a three-mile radius, The Grove is in an ideal location, Baca asserted. To put those figures in perspective, Baca said when a grocery store, like a Smith's Food and Drug Center or Albertsons, chooses a location for a new

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g Road corridor

store, they require certain demographics, including 10,000 people in a two-mile radius. "[The Grove] … has an average household income of $60,000 within one-mile radius," he said, adding that it's a high figure compared to the rest of Las Vegas.

Another amenity is a large city park that's planned across the street from The Grove. "It's going to have soccer and baseball fields and the city will break ground sometime in the next 12 to 18 months." Baca said in addition to the park there will be "an abundance of additional shopping" just to the west.

Baca pointed out that the developer paid attention to detail in the building's architecture. "The architecture is just beautiful. It's appealing to the eye. [The developer] really went above and beyond what was necessary and it's gorgeous. The colors, the landscaping and even the curving walkway on Craig Road are beautiful," he added.

According to Baca, The Grove's leasing timeline, which leases for $2.75 a square foot per month, is on target. "It's being leased as expected and we're almost there. We just need a few more 2,400 square footers and we'll be good," he said.

The Grove, is a welcome addition for the residential neighborhoods in the area. "It's a great place for those who live around there to get Chinese food or tacos for dinner, or sit down to eat at a restaurant. It's a nice mix," Baca said. cre

Deposit bonds introduced to Las Vegas and the U.S.

A new product to the Las Vegas real estate market — deposit bonds — arrived early this summer and replaces the cash deposit, or earnest money, required for property purchases. Not only does it allow savvy buyers to keep current assets working, it also protects both parties from cancellations or contract failures.

Deposit bonds allow buyers to retain the amount of the deposit until the transaction closes and can be used for all or part of the transaction's required deposit amounts. As much as 20 percent of the purchase price can be issued for periods of three to 48 months.

Another benefit is that deposit bonds are less expensive than other financial options. For example, a 12-month deposit bond representing a $50,000 deposit would cost a one-time fee of approximately $2,700, which is substantially more cost effective than other financing options.

Louie Nehme
President
Deposit Alternative

Deposit bonds are also unique in that they provide significant benefits to the purchaser, seller and financier involved in the property transaction.

For buyers:

- Deposit bonds replace the requirement for buyers to outlay the earnest money in cash.
- Deposit bonds can be written for up to 20 percent of the purchase price.
- Deposit bonds are provided within 48 to 72 hours so buyers can go hard on their property contract quickly.
- Deposit bonds are unsecured, meaning no mortgages, charges or liens are taken over the buyer's property assets.
- Deposit bonds have been priced to be more cost effective than other methods of deposit funding such as using cash savings, arranging a letter of credit or redrawing an equity mortgage loan.
- In the event a developer/seller defaults, the buyer does not lose the cash deposit. Buyers receive a refund for the premium on a pro rata basis, alleviating any disputes that may arise from receiving their earnest money.

For sellers, developers or construction financiers:

- Deposit bonds verify a buyer's financial capability to complete the new purchase.

- Deposit bonds widen the number of potential buyers who can secure a new property, many of whom are asset rich and cash poor.
- Deposit bonds can be used to pre-approve potential buyers.
- In the event a buyer defaults, the seller is paid the amount of the deposit bond unconditionally.
- Deposit bonds are backed by an international insurance company with AN AM Best rating of A (excellent) and a Standard and Poors rating of A+. Globally, the insurance company has a long and successful track record and is ranked among the top 20 insurers with a market capitalization of approximately $25 billion.

Although brand new to the Unites States, deposit bonds have been used successfully in Australia and New Zealand for more than 10 years. Deposit Alternative, a privately owned company founded in 2006 and the first full-service deposit bonding company in the country, introduced deposit bonds to the United States. Headquartered in Las Vegas, Deposit Alternative's founders have been providing the service for many years and are industry leaders and specialists in writing and understanding risk. They have issued deposit bonds of several billion dollars for Australian and New Zealand properties and boast a 2 percent default rate during the last 10 years.

Applying for a deposit bond in Nevada is a simple process. Buyers, who must be US citizens, complete an application and supply documentation that supports their financial information. The underwriting principles reflect the applicants' abilities to meet their existing obligations as well as the new property purchases. If an applicant does not meet the underwriting principles, he or she will not qualify for a deposit bond. Deposit Alternative's philosophy is to underwrite real people into real property.

Deposit bonds can also assist buyers from Australia and New Zealand who wish to purchase property in the United States and vice versa. As deposit bonds earn greater acceptance throughout the US and the world, the prospect for interstate and international real estate purchases becomes a greater reality. Two buyers from Colorado, for example, recently used deposit bonds to purchase waterfront properties in Queensland, Australia.

Deposit bonds bring a common sense approach to purchasing property in Las Vegas because sellers will get a wider range of potential buyers. Cash-poor buyers can keep their investments in real estate, stocks or mutual funds. By using a deposit bond, their hard-earned money works for them, not the developer. cre

Courtyard design includes mosaics in The Park at Spanish Ridge. At right, the "Tribal Figment" sculpture greets visitors as they enter The Park.

Eye Candy

Art makes way into development plans around valley

By Brian Sodoma
Special Publications writer

In many cases, choosing art for an office interior or a building's exterior is probably the last thing on a developer's mind. But today, creating a positive work environment has become more of a necessity than an option, and with that, more and more developers and business owners are thinking beyond ergonomic furniture and hip, team-centered environments. They're also thinking about what kind of art pieces go into the interior and exterior of a building or office.

Ron Smith, a UNLV professor of sociology with an empha-

Framed artwork and glass, left, accent the R&R Partners building. At right, the setting sun highlights a sculpture in the courtyard at The Park at Spanish Ridge.

sis in architectural sociology, has paid particular attention to the use of interior and exterior building art through the years. He said it's difficult to find quantitative research on the subject, but he cites Chicago as an example of a city that uses art effectively to bring people together. Buckingham Fountain in the 220-acre Grant Park, originally placed on infill land near Lake Michigan, is one such example. Also, the 50-foot-tall Chicago Picasso sculpture inside Daley Plaza is another downtown example of a site where art brings people together. On any given day, families and downtown employees use the creative landmarks as places to meet, chat and play.

Smith says Las Vegas examples of effectively using art in development are starting to pop up. One such example is Glen Smith & Glen's Park at Spanish Ridge and Park at North Pointe business complexes. The company's principals have made it a point to use exterior art at the sites. "One thing that I think is great about what they're doing is that they bring school kids out and talk to them about the art," Smith said. "It's a good example of community sustainability."

Kenneth Smith, president of Glen Smith & Glen Development, said it's time for the business community to support art. "Business has to be the benefactor of the arts," he said. "You can't just sit around and say government is going to nourish the arts in this country. From the beginning, we've set out to commission local artists for our projects."

People working in offices at the Park at Spanish Ridge can enjoy unique glass mosaics in common areas, and other unique art pieces, from large prominent steel and iron structures to simple wall touches. One of Kenneth Smith's favorite pieces is called "Lola's Dress," a five-foot-tall shapely dress, sans a body, made of iron. "At first, I wondered if it would even be appropriate for a business park," he said. "It's something so playful and whimsical it makes you smile. That's one piece that gets a lot of comments."

Ron Smith also said art in a work environment should help to stimulate conversation or bring people together. It is one of three ways he judges art in development or architecture. The other ways include: asking whether the piece resonates in any way with the person looking at it, and asking if the art

Uniquely designed steel sculptures play a key design point along a walking trail at The Park at Spanish Ridge.

connects with the culture of its environment or workplace. The professor went on to say that R & R Partners' west valley headquarters is another example of effectively using art to bring about a sense of community, particularly among employee groups. "It would be a pleasure to work in such an environment, wonderful art throughout, interesting and meaningful," he added.

R&R's building has a big open space referred to as "town center" in the middle, which serves as a gathering place for different company departments as well as a meeting area for large company meetings. Other sections of the building have specific names, which were created by the staff, like "up town," "the loft," "south pole," along with meeting spaces like the "war room," which is painted in camouflage, and the "fish bowl," a predominantly glass-encased meeting room.

Cindy Dreibelbis, executive vice president for advertising and operations with R&R Partners, worked directly with architects to design and build the site five years ago. "I think our space reflects how we create as a group," she explained.

For R & R, personalizing the space by allowing employees to name rooms has been very important. A graffiti wall still has the names of employees who won a company contest five years ago for putting together a promotional campaign for a local charity. Quotes from employees as well as well-known personalities are also found on walls throughout the office.

In addition, local artists display their artwork in the front of the R&R building. Dreil-

belbis said the pieces help bring people together, regardless of the type of work on display. Changed quarterly, they help open up conversation. "Some of the pieces may not even be very pleasing to look at, but even that can start some conversations," she added.

"Art alerts you to the way you see reality. If it causes you to think as you pass it at lunch or wonder about it, any of those things add to quality of life," Kenneth Smith added. "We take it very seriously. People spend eight to 10 hours a day in these business parks. That's a lot of their life. … Most people spend a lot of energy making their home comfortable. … Life also happens in our business parks. It's very easy to ignore that."

Ron Smith also said some companies like to emphasize past CEOs and "a sense of history, tradition and solidarity" in the art they hang on their walls, while other businesses use postmodern pieces to emphasize that they are moving in a different direction. Still others can shape their brand identity by the art displayed either inside or outside their building. One prominent example of this is the sculpture of a bull outside the New York Stock Exchange.

Kenneth Smith said companies are taking inspiration from the art on the exterior of Glen Smith & Glen's business parks and putting thought into the art inside their workplaces. "What we have found is that many people follow suit. I've been astounded with the quality of interiors," he said. "In general, more and more companies are recognizing that a gray cubicle isn't the most productive environment." cre

Burkholder Middle School utilized natural daylight when it was rebuilt.

Green building ro

LEED list grows as developments get more and more green

By Brian Sodoma
Special Publications writer

While efforts to "go green" are just starting to bare fruit in the residential sector, the commercial market has seen dramatic growth in the number of LEED (Leadership in Energy and Environmental Design) projects in the past year. The valley has climbed from just over 30 registered projects at the end of 2006 to 79 today, according to the U.S. Green Building Council's most current figures.

And while the Strip's $7.4 billion Project CityCenter has garnered much of the attention with its attempt at a LEED certification, despite its sheer size and complexity, as well as downtown's recently completed LEED Gold Molasky Corporate Center, other projects around the valley are showing their own green flare.

LaPour Partners

Pursuing a LEED Silver certification, La Pour Partners' $19 million, 70,000- square-foot office building and future company headquarters on the valley's west side, has its slab poured and walls tilting up this month. A silver certification wasn't the initial goal, said LaPour CEO, Jeff LaPour, but after the dirt started moving, the developer saw the opportunity to get a higher certification. "We were just looking at getting a certification in the first place," he said. "But now we're pre-certified silver."

The Northwest Career & Technical Academy

TWC Construction is the contractor on the job, with whom LaPour partnered on the downtown Holsum Lofts rebuild. LaPour's new office complex will include low VOC carpeting, glues and paints, as well as low-water landscaping, waterless urinals, and the owner will not allow smoking within 100 feet of the building. Spaces are divisible from 3,000 square feet on up to 60,000 square feet, while LaPour will occupy 5,500 square feet for its own office. "I think the certification is nice for the recognition, but even if you can't build LEED, you should be doing some of these types of things in every building," LaPour added.

"When a tenant is trying to decide between two buildings, the LEED building will certainly carry the day," he added.

Cashman Center

It almost seems paradoxical for big dump trucks and tractors to have a green home, but it's happening in Henderson. After purchasing 50 acres of land from the city of Henderson for $28.6 million almost two years ago, Cashman Equipment is building its new green home at 3300 St. Rose Parkway to a LEED Gold standard. The seven-building complex is being built by Burke &

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uses low-flow fixtures at the school.

Associates, and boasts the standard low-water landscaping, waterless urinals, and a host of recycled materials both for the building's structure as well as interior features.

But above all, said Curt Carlson, a principal with SH Architecture, who designed the 290,000-square-foot complex, a commitment from the Cashman group to make sustainability a part of the employment culture is perhaps the most noteworthy. A recycling program is being implemented, and employees are being educated on what type of building they will soon call their work home, added Carlson. "It's just great to see a company embrace this to the level that Cashman has," he added. "It's so much more than just putting together a green building."

Carlson and Burke project manager, Roger Thomas, highlighted the importance of the approximately 400, over 300-foot-deep geothermal wells currently being dug on site. Geothermal systems require very little electricity to either trap heat from the ground or reject it in order to help heat or cool a building. Energy savings are usually around 50 percent and systems tend to pay for themselves within five years. "It's really a great methodology. The cost savings alone are tremendous," Thomas said. The site will also save about 20 percent of its water by using low-flow fixtures, irrigation and retention ponds.

Thomas also added that the site's diverse set of uses for its seven buildings makes it trickier to go for LEED Gold. The center will have on-site assembly grounds, a specialty-equipment rental center, offices, warehouse and repair facilities among other site uses. "Given that this is a campus-style project spread over 50 acres … going for LEED Gold is pretty difficult. It shows a tremendous responsibility on the part of the owners," he said.

The center is on schedule for completion in December 2008.

CCSD being LEED like

The school district is taking the lead with green building as well. Two recent projects stand out for Clark County School District: Burkholder Middle School, in Henderson, and The Northwest Career & Technical Academy complex at 8200 W. Tropical Way. The sites use low-flow fixtures and drought-tolerant landscaping, but in the case of the new $48 million Burkholder, the school's preservation and reuse of its original gymnasium, while using extensive natural daylight, is also noteworthy. Both sites use geothermal heating and cooling to save 50 percent on energy bills.

Paul Gerner, associate superintendent of facilities for CCSD, said every project from here on out is "aggressively targeting energy savings." District wide, the facilities department is trying to reduce energy consumption to nearly half of its past rate of 55,000 to 60,000 British Thermal Units (BTUs) per square foot. A goal of 30,000 BTUs has been set, and one of the ways to easily achieve it is through the use of geothermal systems. The district has more than 1,000 wells dug between three different buildings so far.

With geothermal systems in use at valley schools and now Cashman Corporate Center, Carlson, whose firm also designed Northwest Career & Technical and Burkholder, anticipates it will become the norm rather than the exception very soon.

"So far, for the school district it's been a highly effective method," he said. "As things get more accepted as standards or norms."

Currently, the Northwest Career & Technical Academy, the Miley Achievement Center near Russell Road and Eastern Avenue, and a distance education building currently under construction on Flamingo Road near McLeod Street, are three school district sites pursuing LEED certification. But whether others follow suit is not a guarantee, said Gerner, who cites higher administrative costs associated with pursuing LEED certification. He estimates an added cost of between $50,000 and $100,000 per project due to subcontractors adding extra administrative fees for bids and the district taking on additional paperwork costs for the certification. "We have to really keep an eye on taxpayer dollars. What's important is [that we are] actually doing this, not so much [that we have] the piece of paper," he said. cre

Earth-friendly campus first in Nevada

School earns Energy Star certification; seeks LEED Silver status

By Deborah Roush
Contributing writer

It's hard to tell who is smarter at the $67.8 million Northwest Career and Technical Academy (NWCTA) which opened this fall – the students or the school itself.

After all, the lights in the Clark County School District high school's classrooms sense when someone walks in and turn on independently; the lights closest to the windows are dimmer while those farther away burn brighter, and sensors maintain carbon dioxide at an optimal level.

The school also is the first in Clark Country to use geothermal heating to replace furnaces and air conditioning units, requiring 430 wells to bring water to ground temperature and heat pumps in each of the 168 rooms. "These buildings are so automated now they're almost living," said Mark McGinty, a principal with Las Vegas' SH Architecture, which designed the futuristic, two-story school. McGinty said the school district wanted to attain LEED (Leadership in Energy and Environmental Design) Silver certification, whose green building rating system is the nationally accepted benchmark for the design, construction and operation of high-performance green buildings.

The school is also one of two schools on the West Coast, and the first one in Nevada, to receive Energy Star certification from the U.S. Environmental Protection Agency and the U.S. Department of Energy. The result, McGinty said, is that the building uses 50 percent less energy than a comparably sized high school while helping students learn. "Studies show that if you build a sustainable building there is less absenteeism. With good indoor air quality, you're sick less and with more natural daylight there can be up to 30 percent better test scores."

But the project didn't come without challenges. K.C. Errett, vice president of marketing and business development for Sletten Construction which built the school, said it required more than 310 concrete, tilt-up panels of varying sizes for its contemporary design. "One of the largest was 160 tons, a huge panel to lift," he said. And finding room for waste slab while wells for the geothermal heating were being drilled was complicated. "A lot of planning was required," he said.

McGinty said the biggest challenge from a design perspective was determining how to ensure that 75 percent of the rooms had 75 percent natural light – the numbers required to attain green certification. The architects started with "getting the correct orientation of the building so long walls don't get as much sun to save energy," he said.

Integrating the mechanical systems – including the ground-source heat pumps – was also difficult, he added.

But those involved in the project agreed it was worth the effort. For Sletten Construction, which has built about 40 schools, it was one of the first silver status LEED projects its team had the opportunity to construct. "A few of our engineers and project management staff are LEED accredited and wanted the opportunity to go through the process and learn more about LEED," McGinty said.

Errett added that what they learned was that it wasn't much different than any other project – except for the paperwork. "A lot of products were not much more expensive, it's just that there is a great deal of documentation that has to go to LEED to process for certification." The process, he said, takes a year from the time a building opens for data to be collected, proving the building is operating as efficiently as required.

The 215,000-square-foot NWCTA is a four-year career and technical school offering a variety of programs in eight academies: early childhood/teacher education, engineering and design, construction management, medical occupations, transportation, hospitality, culinary arts and media communications. Students can earn high school diplomas and a variety of professional licenses. McGinty said the academies support each other.

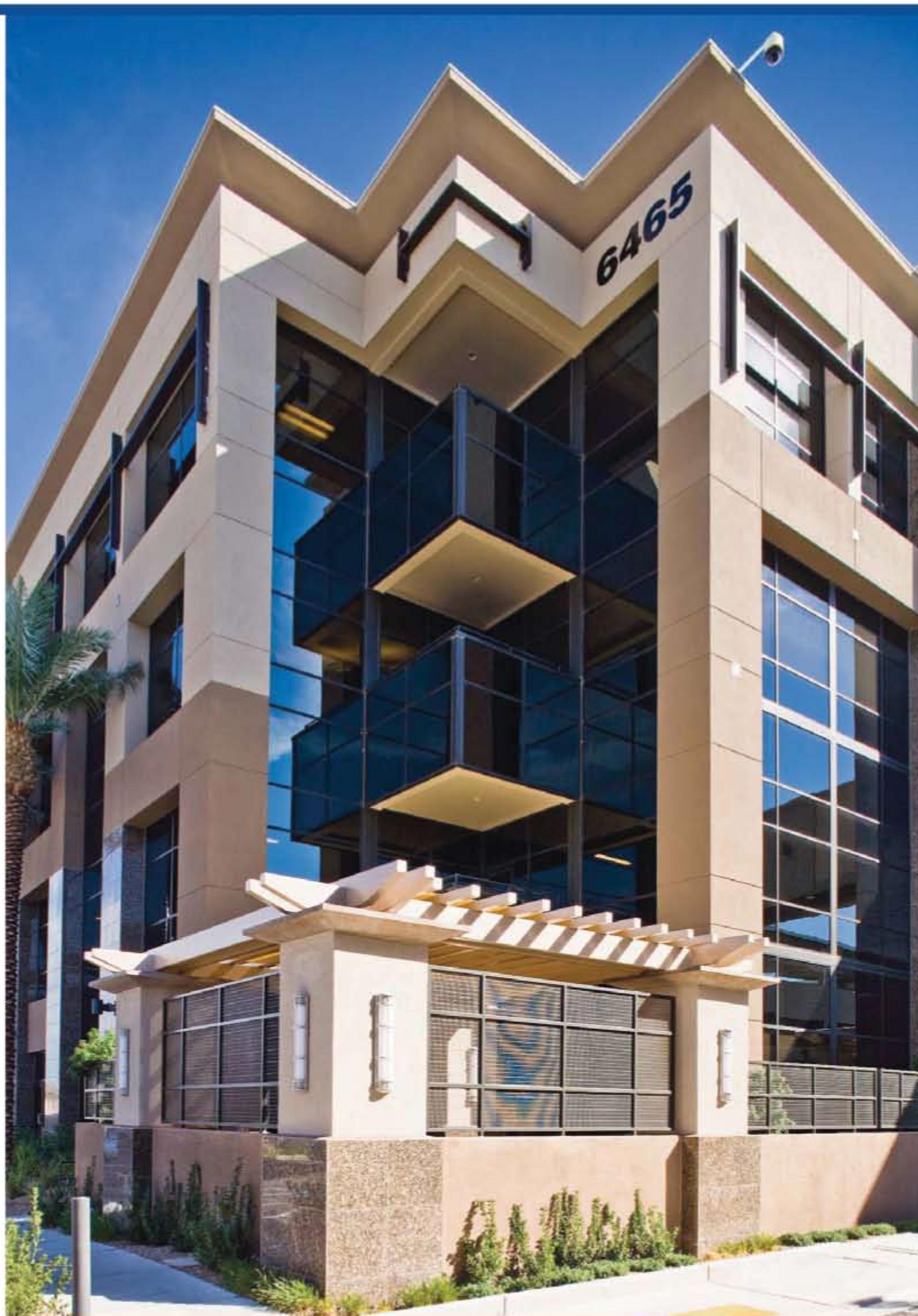
NWCTA principal, Frank Pesce, said NWCTA is a "select school," meaning any student living in the district meeting citizenship, attendance and grade point average requirements may apply to be part of a lottery for acceptance. Pesce said the school will have 2,040 students when at full enrollment, although this year it has no juniors or seniors since those students would not have enough time to meet program requirements before graduating.

Pesce said when visitors enter the school they are speechless. "There's more of a college feel to it. All the exterior classes have floor-to-ceiling windows and there are two atriums on either side that bring light into internal classes. The school also houses a 6,000-square-foot commercial kitchen and bakery and a 9,100-square-foot library. "We have eight, glassed-in project rooms where students can work with other students. They're non-assigned spaces and we find that teachers extend their classrooms with that space," he said.

McGinty said the school building was designed to teach the students about sustainability. Engineering students can view mechanical rooms, plumbing trees, roof flashings and drains. "The building itself is a learning tool," he said.

"I think the students know more about it than we do now and that's exciting," he added. "We're seeing the kids adapt and adopt sustainable living practices because they go to a school that's sustainable." And according to School Manager Deon Poort, because the students enjoy their environment they take care of it, picking up after themselves after lunches and keeping the campus clean. "They've got a different respect for the school and we treat them more like adults. It's a very grown up atmosphere," she said.

For McGinty, that's just what SH Architecture hoped for. "Our mission was to design a school that would look more like a college campus or a business park than a high school. "I think we hit the nail on the head." cre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