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From the editor ...

Dear readers,

Our Commercial Real Estate Guide — or CRE — has flourished to become one of the most popular special publications we produce. The interest in the industry, whether it revolves around retail, industrial, medical or office, has been astounding.

Southern Nevada's commercial real estate market continues to sprawl. New projects are popping up at corners that sat vacant for as long as you could remember. Then there are the larger ventures that are providing opportunities for new business to come to town and the chance for the ones that are currently here to expand.



In this issue, you'll find a special focus on the 20th anniversary of the Southern Nevada chapter of the National Association of Industrial and Office Properties. On those pages you'll find a "Realty Check" column from NAIOP President Ralph Murphy as well as several profiles of member businesses.

The "Realty Check" columns continue to showcase the viewpoints of some of the top real estate experts in the city. Besides Ralph's column, you'll find additional articles from John Restrepo (Restrepo Consulting Group), Matt Bear (Venture Development), Daniel Sheridan (General Growth Properties), Brad Schnepf (Marnell Properties) and the duo of Jeremy Aguero and Brian Gordon (Applied Analysis). If you are looking for insight from some of the industry's top names, you find it here.

As always, we welcome your feedback on the CRE concept. We are looking to build on it in 2007 and we'd love to hear any of your suggestions and recommendations. We'll continue to mold it into a must-read product for everyone from industry specialists to brokers and investors to just the average, interested reader. We know you'll find it useful.

Rob Langrell

Special Publications Editor

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A word from our sponsor...



Dear In Business Las Vegas readers,

Marnell Properties is once again pleased to be a sponsor of the fall issue of In Business' 2006 Commercial Real Estate Listing Guide. As our community continues to develop into a more prosperous city every day, and with the increasing demand on existing companies, new businesses are created; expanding the Southern Nevada market and the need for more commercial real estate.

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We hope you find Commercial Real Estate Guide helpful, informative and valuable.

Alan Helms

Director of Real Estate Operations
Marnell Properties

cre | Realty Check: Meet the experts

JEREMY AGUERO BRIAN GORDON

Principal Analysts Applied Analysis

Jeremy has been with Applied Analysis since its inception in 1997. His areas of expertise include economic analysis, operational model development and fiscal impact analysis. He attended the University of Nevada, Las Vegas where he graduated with honors in 1996. He has worked for clients in the private and public sectors, and undertaken projects of local, regional and national significance.

Brian's areas of expertise with Applied Analysis include market analysis, financial advisory services, business consulting, accounting, financial reporting, and economic modeling. He attended the University of Nevada, Las Vegas where he graduated with honors, obtaining a Bachelor of Science degree in Business Administration with an emphasis in accounting. Following his graduation, Gordon took a position with Arthur Andersen in Las Vegas and also performed a rotation in Andersen's Silicon Valley office.

SEE COLUMN, PAGE 22

DANIEL SHERIDAN Executive Vice President General Growth Properties Inc.

Daniel Sheridan is executive vice president of General Growth Properties Inc., the country's second-largest shopping center owner, manager and developer. Sheridan oversees the company's retail properties in Las Vegas, including two of its flagship centers on Las Vegas Boulevard, Fashion Show and The Grand Canal Shoppes at The Venetian. He will also be responsible for two planned retail centers — The Shoppes at Summerlin and The Shoppes at The Palazzo. He is a graduate of the University of Michigan, where he earned a Bachelor of Arts in political science. He also has a Juris Doctorate from the University of Michigan Law School.

SEE COLUMN, PAGE 38

BRAD SCHNEPF President | Marnell Properties

Brad Schnepf serves as president of Marnell Properties, a real estate development and management company that focuses on the acquisition, development and management of commercial real estate holdings. His responsibilities include real estate development, acquisition and sales, entitlement and management of the corporate real estate portfolio. He is a member of the National Association of Industrial and Office Parks, a candidate with Certified Commercial Investment Member and a member of the Las Vegas Founders Club. He attended Arizona State University.

SEE COLUMN, PAGE 36

RALPH MURPHY President | NAIOP

Ralph Murphy is president of the Southern Nevada chapter of the National Association of Industrial and Office Properties and past president of the Inland Empire chapter in California. As executive vice president of Marnell Properties, he is responsible for the development, construction, leasing and management of the company's corporate real estate portfolio. Murphy brings more than 20 years of proven experience in all aspects of commercial real estate development and management to Marnell Properties. He has a Bachelor of Science in industrial engineering with an emphasis in business economics from Northwestern University.

SEE COLUMN, PAGE 29

JOHN RESTREPO Principal Restrepo Consulting Group LLC

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. John's clients include a variety of prominent private and public organizations concerned with urban development and growth.

SEE COLUMN, PAGE 7

MATT BEAR Partner Venture Development Group

Matt Bear is a partner in Venture Development Group. He specializes in lease negotiation, property acquisitions and new development opportunities. Bear has more than 15 years of real estate experience in the Las Vegas Valley. He is active in the International Council of Shopping Centers and often lectures at UNLV real estate seminars and industry events. Bear earned his bachelor's degree from UNLV and obtained his real estate license at age 18.

SEE COLUMN, PAGE 16

Office market stays strong; supply remains a concern



John Restrepo

Restrepo
Consulting Group

In a rapidly growing region composed of nearly 1.9 million people, with a strong economy, the Las Vegas Valley ("Valley") office market has fared very well. As the Valley continues its ascent as one of the nation's fastest growing urban centers, new office construction has generally kept pace with demands.

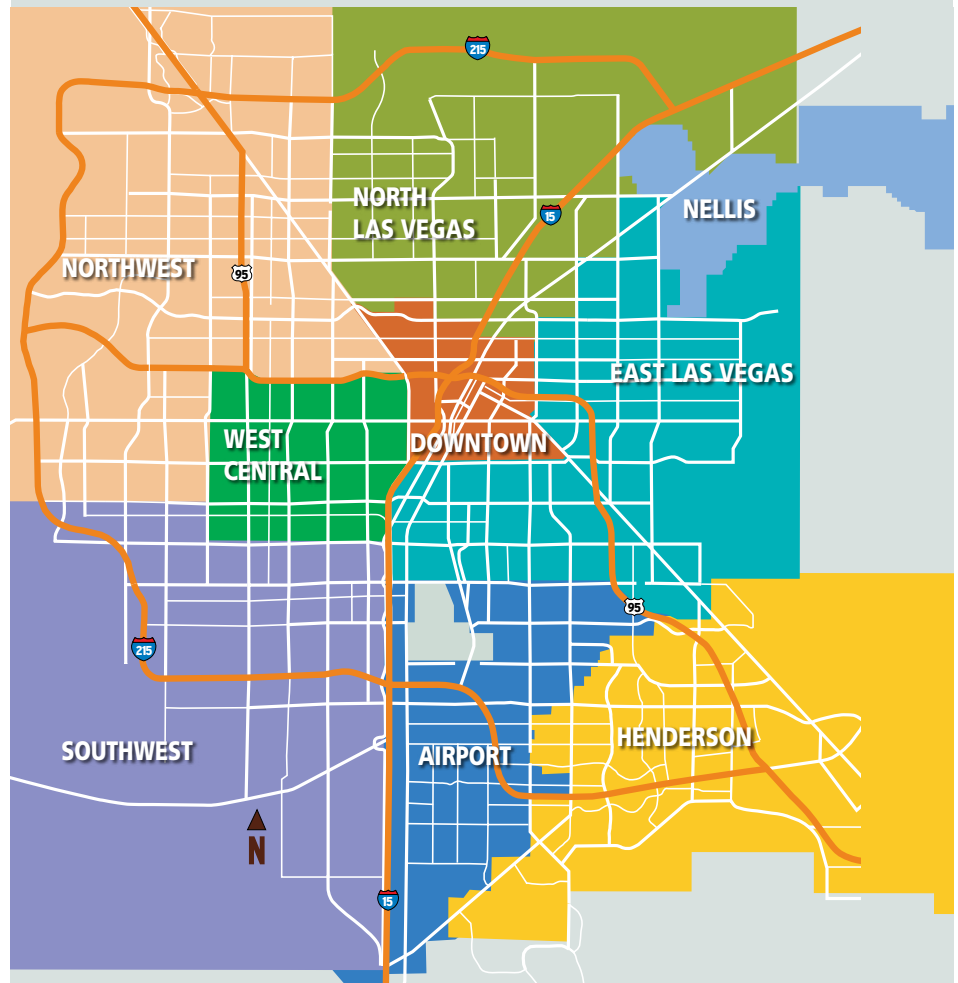
According to the Nevada Department of Employment, Training and Rehabilitation ("DETR"), the Las Vegas MSA's ("the MSA") office-using employment posted growth for the 10th consecutive quarter. As a result, office vacancy has shifted very little in the past four quarters, despite significant additions since Q3, 2005.

The current vacancy of 8.8 percent is far lower than Q1, 2005 at 12.5 percent which was the highest vacancy recorded in the past four years. The current vacancy is also lower than Q2, 2005's 11.2 percent. Nevertheless, a large amount of forward-supply (under-construction and planned space) begs the question of how long vacancies can remain stable.

Significant new space

Because of improving demand over several periods, office developers responded by adding 1,018,036 square feet ("sf") of space in Q2, 2006, an increase of 777,991 sf (224 percent) above Q1's 240,045 sf. This activity increased the Valley's office inventory by 3.1 percent to 32,378,423 sf. Most of the new office space was built in the Southwest (767,487 sf), followed by the Henderson (149,926 sf), Northwest (79,928 sf) and North Las Vegas (20,695 sf). No new office space was completed in the Airport, Downtown, East Las Vegas or West Central submarkets in Q2. By product

Office submarkets

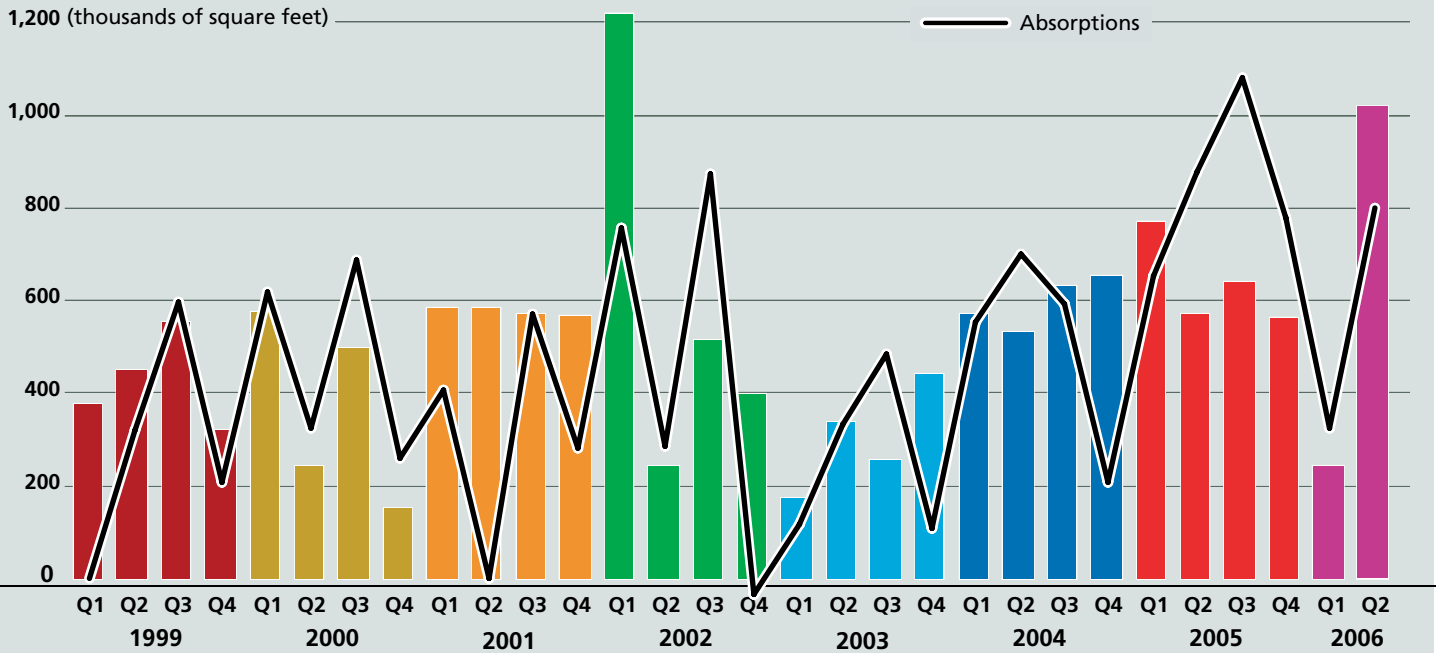


type, most completions in Q2 were in Class C (631,324 sf), followed by Class B (280,512 sf) and Medical (106,200 sf).

The 1,018,036 sf of completions in Q2 were also substantial (see Figure 1), the second largest amount since RCG and Colliers jointly began tracking the market in 1999 (RCG has been tracking the Valley's office market since 1999). It was only surpassed by Q1, 2002, which saw 1,219,926 sf of completions.

Forward-supply increased slightly

in Q2 over Q1, rising to 7,024,706 sf. Of this amount, 48.2 percent (3,385,559 sf) was under-construction, representing approximately 10.5 percent of the existing inventory. The amount of under-construction space has increased significantly since Q2, 2005, going from 1.6 million to 3.4 million in Q2, 2006. Forward-supply was concentrated in the Southwest (2,754,908 sf), Northwest (1,245,824 sf), Airport (905,813 sf) and Henderson (883,536 sf).

Figure 1**Absorptions vs. Completions in the Las Vegas Valley, 1999-2006 (Q2)**

Source: RCG/Colliers.

Demand is strong but not beating completions

Demand in Q2 lagged new supply additions, going from 321,371 sf in Q1 to 800,837 sf, but dropping from the 875,153 sf recorded in Q2, 2005. This resulted in a net absorption-to-completion ratio of 0.78:1, or .78 square feet of absorption for every one foot of new supply. An absorption-to-completion ratio below one is likely through mid-2007, since the 1.6 million sf of new space scheduled for completion in Q3, 2006 is still approximately 65 percent vacant.

By product type, Class C space saw the largest net absorption in Q2, with

420,567 sf, followed by Class A (280,512 sf), Class B (256,092 sf) and Medical (78,444 sf). Most of Q2's absorption was in the Southwest (628,475 sf), followed by Henderson (186,403 sf) and Northwest (91,020 sf). Absorption in the remaining submarkets was as follows: Airport (20,335 sf), Downtown (11,957 sf), North Las Vegas (11,606 sf), West Central (-51,841 sf) and East Las Vegas (-97,118 sf).

Vacancy is fairly stable, but for how long?

Demand was sufficiently strong so that, despite large supply additions, the vacancy rate only increased from

8.4 percent in Q1 to 8.8 percent in Q2, 2006. This was its first increase in four quarters but is still far below the 11.2 percent recorded in Q2, 2005. The rise in vacancy from Q1 to Q2, 2006 is minor considering that office vacancies have been declining steadily from the 12.5 percent peak recorded in Q1, 2005. On a product basis, vacancy dropped between Q1 and Q2 in Class A space, and rose in Class B, Class C and Medical space. The largest increase was in Class C office space, where vacancy rose by 1.3 points from 9.1 percent to 10.4 percent.

Among the submarkets, vacancy dropped in the following areas: Airport,





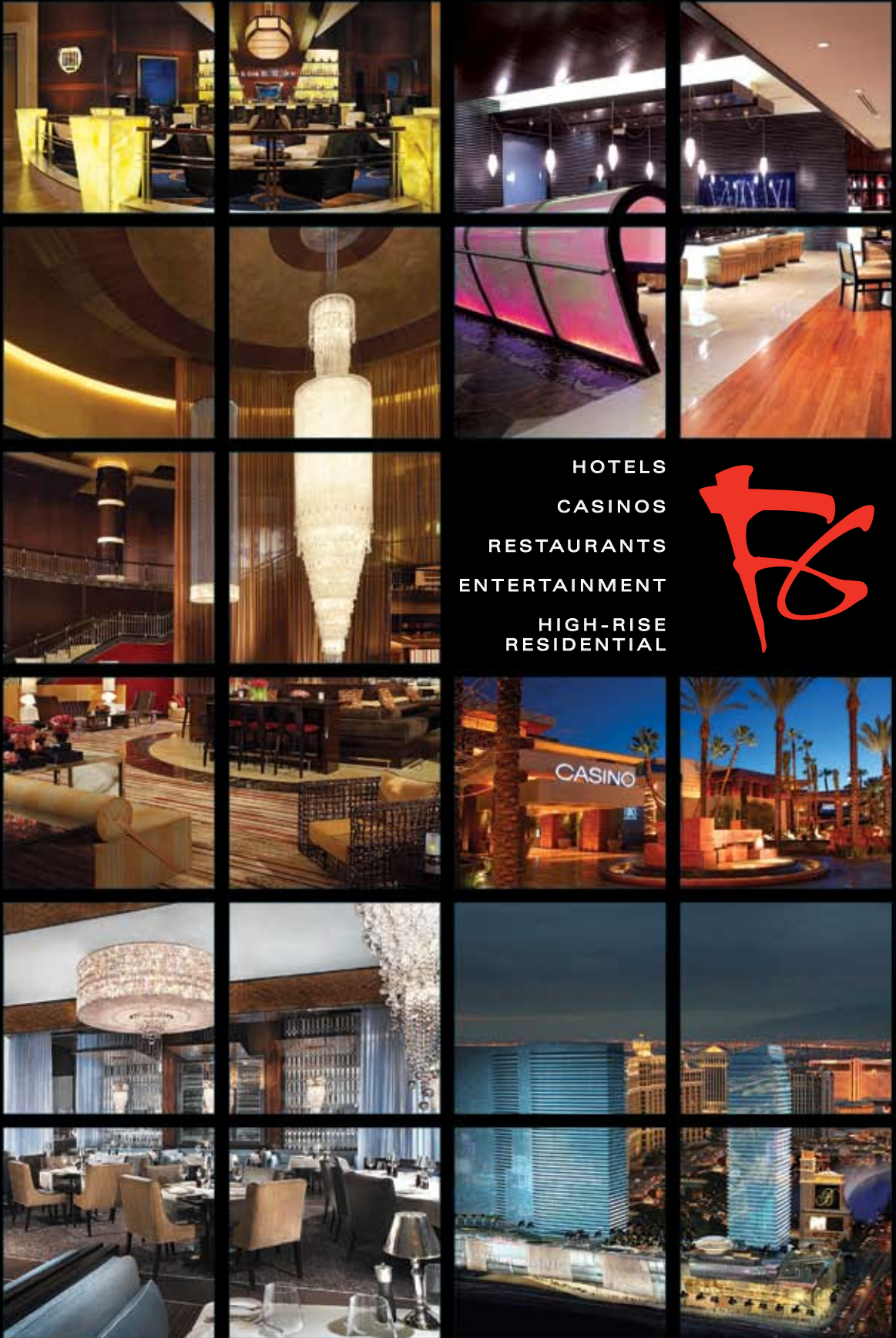



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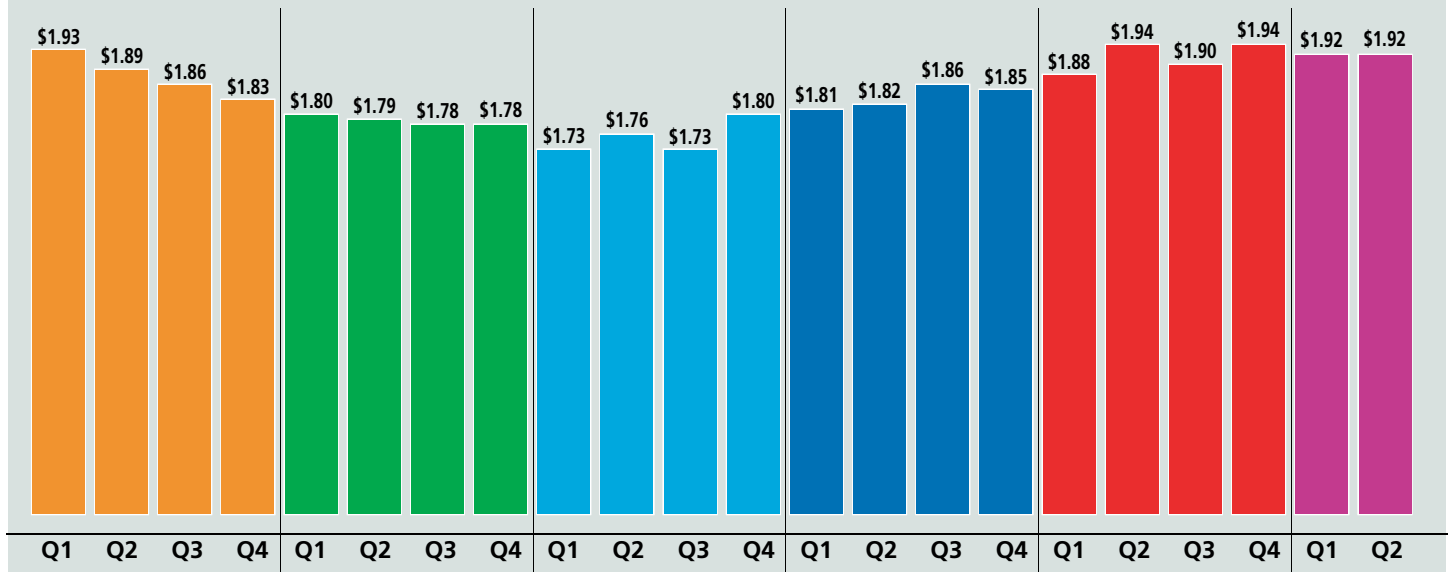
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Figure 2

Inflation* adjusted asking-rents (per square foot), 2001-2006 (Q2)



*Inflation adjusted asking-rents set in 2001 dollars

Source: RCG/Colliers.

Downtown, Henderson and Northwest. The largest decline was experienced in the Henderson submarket, where vacancy dropped by 1.3 points. The largest increase was in the East Las Vegas submarket, where vacancy rose by nearly 1.7 points.

Office projects completed between Q1, 2003 and Q2, 2006, some of which were still leasing up, had an average vacancy of 15.5 percent, a slight drop from Q1's 15.7 percent. Projects built between 2000 and 2002 averaged 4.4 percent, the same as last quarter. Projects built between 1995 and 1999 were 6.3 percent vacant, a minor decrease from last quarter (.1 percent). Projects completed prior to 1995 averaged a 6.7

percent vacancy, also a slight drop from last quarter (.1 percent).

Where are rents headed?

Overall, the Valley's average monthly asking rent increased to \$2.20 psf from the \$2.17 recorded in Q1, 2006. Rents rose in Downtown, East Las Vegas, Henderson, North Las Vegas, Southwest and West Central submarkets. They declined in the Airport and Northwest submarkets. Class A and C office space saw a rise in average asking rents, while Class B and Medical saw a decline (Note: rents are based on the vacant space reported, not the total building square footage).

Office projects completed between Q1, 2003 and Q2, 2006 had an average monthly asking rent of \$2.37 psf in Q2, 2006, down from \$2.44 psf in Q1. Those projects built between 2000 and 2002 averaged \$2.30 psf, the same as Q1. Projects built between 1995 and 1999 averaged \$2.10 psf, and those completed prior to 1995 averaged \$1.79 psf, each showing no change from Q1, 2006.

Although vacancies have been lower in the past several quarters (8.8 percent in Q2, 2006 versus 11.2 percent in Q2, 2005), real rents, on average, have not kept pace with inflation and only recently rebounded to near-2001 levels. As the chart shows, office rents, on average, have lagged inflation during



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the last 21 quarters (5.25 years). The consumer price index for western urban regions has risen by 15 percent since 2001 (the base-year). Adjusting Q2's office rents for inflation resulted in the average rent going from \$2.20 psf to \$1.92 psf. The graph (see Figure 2) illustrates inflation-adjusted rents compared from Q1, 2001 through Q2, 2006. In this type of market, tenant improvement allowances are often the hinge that makes or breaks a transaction.

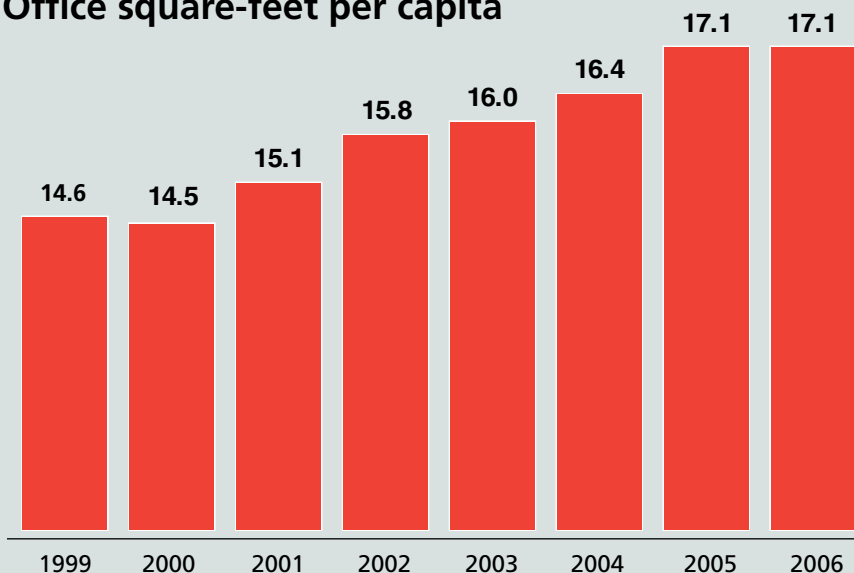
The adaptable office market

As noted, there is a significant amount of forward supply on the horizon. Under-construction space is nearly 3.4 million sf, while the amount planned is about 3.6 million sf. Planned space will continue to face increasing costs. Already one of the big stories of the year is dwindling land inventory. This, combined with rising fuel costs and rising construction materials and labor costs, is likely to impact the amount of forward supply that will actually be built.

Valley land availability, world commodity prices and a skilled labor shortage have colluded to change if and when office developments will be built in the Valley. There is now more interest in higher-density mid-rise Class A and

Figure 3

Office square-feet per capita



Source: RCG/Colliers.

B projects. While many owners and tenants are fine with their low rise tilt-up buildings, rising construction costs and the desire by many local firms to expand has driven the interest in putting more structure on each acre of land.

More flexibility is also being built into the market, with some firms offering shorter-term leases and some users opting for ownership instead of leasing. A relatively new arrival to the office scene in the Valley is office condo

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projects. Allowing small and medium sized businesses to build equity, and in some cases obtain tax advantages, the Valley has seen a significant increase in these projects in the last year. Many of these new projects are in the Northwest, Airport and Henderson Submarkets. RCG estimates that office condos consist of nearly 3.9 million square feet, about 8 percent of the Valley's "spec" office supply.

Although these projects may be owner-occupied, many buildings in these were purchased by investors and put back on the market as lease space. If this trend spreads, it could add significant supply to the Valley's spec office market. In many cases, office condos represent a niche market, while offering flexibility in terms of ownership options, they lack the space flexibility (to expand or contract) of for-lease projects. Additionally, with maintenance and parking issues and without a rental management company, these projects may be more difficult to lease than traditional for-lease projects. Nevertheless, office condos are representing a larger share of the Valley office market and their impact on the for-lease market may warrant close monitoring.

While not a regional office center or an established headquarters location

for many large non-gaming businesses, the Valley office market has seen substantial increases in inventory in the past few years. This has resulted in the amount of office square feet per-capita rising to 17.1 in Q2, up 17.1 percent from 14.6 when RCG and Colliers began jointly tracking the market in 1999 (see Figure 3). This reflects growing population demand for office-using services, along with the general economic growth and increased diversification of business activity in Southern Nevada. It is also an indication of the declining stigma of moving to the Valley and establishing a professional class of employer here.

Overall, the Valley's office sector has shown significant strength in recent years. However, the amount of forward supply is a concern, with a strong possibility of upward pressure on vacancy rates. While this is an important concern, the Valley office market is demonstrating its adaptability by expanding the product mix and adapting to changing market conditions. Furthermore, as the Valley's economy goes, so too will the Valley's office market. Accordingly, strong economic fundamentals will continue to be the watch-phrase. **cre**

Office projects completed between Q1, 2003 and Q2, 2006, some of which were still leasing up, had an average vacancy of 15.5 percent, a slight drop from Q1's 15.7 percent.

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Land scarcity encourages developers to weigh options

By Brian Sodoma
Special Publications writer

"Every wall is a door," said Ralph Waldo Emerson; and that may be exactly the perspective local commercial developers need to embrace when it comes to dealing with skyrocketing land prices.

Valley land prices, which include land zoned for residential and commercial projects, have topped \$600,000 per acre, according to recent research by Applied Analysis, a local economic research firm. But signs of plateauing prices provides little comfort to commercial developers.

"We paid way too much for it, and it's even gone up since then," said Kenneth Smith of Glen, Smith and Glen Development, about the 16 acres his firm purchased in 2005 for its Sullivan Square mixed-use project at the corner of Sunset Road and Durango Drive in the Southwest Valley.

Smith's statement may be a perfect

sentiment for the valley's real estate market over the last few years, as many homebuyers or speculators thought it a safe bet to buy high in hopes that the market will push the price even higher in the future. But while Smith remains upbeat about his project, and market softening becomes a reality, along with land prices hitting critical heights, valley developers, in general, are looking at different avenues for business and unique high-density offerings to squeeze out a profit.

"We haven't seen prices pull back at all," said Brian Gordon, a principal at Applied Analysis. "And that's making a lot of development, including commercial development, a challenge."

Gordon added that rent increases have been a little slow through the years, and that even though they are starting to climb, making a project "pencil out" will continue to be difficult for now.

"There's probably a couple of things you're seeing with developers right now.

One is developing higher density and more intense use. Instead of a typical garden style office on the site, you'll have a mix of uses with office and retail," he added. "We're also seeing a lot more joint venturing where the developer partners with a land owner to share in the risk of the development."

Todd Nigro, president of Nigro Development, said his group hasn't given up on looking for land, but admits that he hasn't bought any parcels in almost three years.

"We have never given up on looking for it, it just seems that transaction prices are more than we're willing to pay," he said.

Nigro, a second-generation builder, whose father started the company in the 1970s, has benefited from the relationships with landowners and speculators his family has built through the years.

Nigro Development has done three joint partnerships in the last two years. In any given year the company has three to five projects on the books.

Where, in the past, all of those projects were solo deals where Nigro owned the land, to have three joint ventures in two years is significant, said Nigro, while admitting that joint partnerships are a little tougher to do.

"It's part of our strategic plan to pursue more joint venture opportunities. (But) it takes a great deal of up-front conversation and communication. ... Land that anyone owns is a very personal investment, then to stick it through the development process, you're going to want to make sure your value is protected," Nigro said.

Nigro also said that for the next one to two years, developers like his group will be pretty quiet as far as land purchases go. But in the latter part of that time frame, he suspects there will be some better opportunities for land buys. Currently, Nigro, between building out existing inventories from past land purchases and joint partnerships, expects to have all of his projects in planning to be completed or broken ground by the end of 2008. After that, if land deals don't pencil, his company will look elsewhere.

"We're pretty busy now ... but we're looking in other markets too ... places like Southern Utah and Pahrump," he said.

Gordon also said developers are purchasing land, subdividing it, then selling off a portion of it, perhaps at a

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"Every parcel in the Valley has been turned over at least once," he added with a chuckle. "With that comes a pricing premium. Developers and speculators are seeking out any and all available investment opportunities. I think for the most part developers are willing to consider any and all options."

As the trend to go vertical with residential and commercial asserts itself in the local market, Nigro, who specializes in buildings in the one to four-story range, is even hesitant to build high, given the added rise in construction costs.

"We're going to take a really hard look at some additional density and see if we can pull it off. Maybe something multi-story, something higher than three stories ... maybe seeing how high we can go from the standpoint of economic viability and our ability to fill it up," he said. "But I personally am not willing to pay the price some are asking today to attempt to develop that."

Industrial on the rise too

For years, the industrial market has been dogged by low rent rates, making it harder to develop profitable projects, said Frank Gatski, owner of Gatski Commercial Real Estate Services, which manages about 1 million square feet of industrial space in Las Vegas.

But Gatski says industrial landowners have been pleasantly surprised to see roughly 20 percent increases in rents over the last 10 months. But the rent spikes come with inherent challenges.

"The hard part is you don't want to blow tenants out of business. But at the same time you have to serve your client who wants to get market rate," Gatski said. "But the other side is that the land price is so high it's tough to find the land at the right price to make an industrial deal pencil."

Gatski foresees more mixed-uses for industrial projects as well, but they too will ultimately reflect an upwardly adjusted rental rate.

"What I'm wondering is that with these small businesses all on a budget, how much can these people afford?"

Public working

While many developers are adding density, some are looking at entirely different types of projects.

Griffin Structures is one company that has taken its expertise in public works projects in Southern California and other southwest areas and made it a primary business focus in the Valley. The company, which developed the Galleria Corporate Center in Henderson, has made significant in-roads with the cities of Henderson and Las Vegas when



Kelly Boyle

will include a neon museum campus and a public park, as well as the city's cultural corridor project, which involves a multi-use trail connecting sites like

it comes to public projects, according to Principal Kelly Boyle.

"We've taken our private sector expertise and basically used it in the public sector," Boyle said.

Griffin is taking on City of Las Vegas' Neon Museum Park, which

the Natural History Museum, Cashman Field, the Discovery Children's Museum, among others. In addition, Griffin is working on the City's Rampart Trail Project, which will include more than four miles of paved and lighted transportation trails and serve as a link between Angel Park and the Las Vegas Trail System.

Boyle likes Griffin's chances of locking up consistent public projects, as other commercial developers may be less willing to pursue them.

"I wouldn't think they (private sector commercial developers) really know how to go through that process. Some may still be fat from the last five years," Boyle said. **cre**

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Retail: It's not only about shopping centers

It's been a wild ride in the real estate industry over the past five years, and while we may be between cycles at the moment, the best maybe yet to come.

The events of Sept. 11, 2001, may have been one of the circumstances for the precipitous drop in interest rates and the increase of real estate value, but it was not the core reason. The sudden disillusionment of easy money with Internet stocks, subsequent annihilation of billions of dollars of market capitalization, and the Enron and WorldCom accounting scandals are all significant reasons that affected the outcome of our current state of the industry.

This has been the fertile ground of the real estate boom over the past five years. Many seeds that were planted were mainly from aging baby boomers who wanted to efficiently transfer wealth from generation to generation using a variety of real estate investment vehicles including the 1031 tax deferred exchanges, tenant in common owner-



Matt Bear
Venture
Development

ship groups, and other land syndication partnerships. The balance of the boom was fueled by the investor rush into the housing market and equity transfer from existing home sales looking to move into larger homes to take advantage of the decreasing interest rates.

Land. Land prices in hot markets rose so quickly they started to create their own momentum ignoring what the end user could pay for finished projects. Developers need land to stay in business, sellers receive multiple offers, the whole market shifts up...Until it doesn't. Just like the individual businesses that made up the Internet boom, at some point, each project needs to stand on its own and question the economic vi-

ability based on real world supply and demand.

Shopping Centers. The main story in suburban retail is the fragmentation of the grocery business. Wal-Mart Superstores that contain full size grocery stores within its walls are opening closer and closer together, with each opening, producing astounding annual sales. On one side of the equation, traditional grocery stores are struggling to find their niche among Wal-Mart Superstores, and concepts like Trader Joe's and Whole Foods on the other. Furthermore, the rise of the Hispanic super-market is creating another competitive front that will shift additional dollars from traditional retailing channels.

Mixed Use. New urbanization is an idea where by, you can live, work and play without leaving the self contained development. While, intellectually, it is a design philosophy that makes complete sense, it sometimes fails to translate into physical space. In existing, dense, transportation challenged

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market segments, these mixed-use projects work and are exciting places through the combination of residential, office and retail space. Each location will have a different ratio of those elements and should be addressed individually. No one can deny that some of these projects are truly inspiring and create great experiences. However, I do believe, that if too many of these projects are developed there will be failures that will be very difficult to fix. They need to be large projects that have a significant mass within different project types. This is why the "Town Square Project" will be a substantial success. It has it all, restaurants, high quality retail, office and hotel rooms.

Income-Producing Assets. I don't see any need to put the brakes on acquiring well-located retail, office or industrial multi-tenant buildings. The population of the southwestern states will grow as people shift from colder climates and slower job growth cities. Also, it's better to retire in Las Vegas or Phoenix than Detroit. Sometimes, it's that simple.

Construction Costs. Inflation is now on everyone's mind. Yet, developers saw it coming and felt its effects when construction costs, seemingly rose overnight to 50 percent or more. This, by itself, would have just been a footnote on the real estate boom of the last few years. However, while construction costs were rocketing upward, lands cost were on a similar trajectory. The mixture of both proved to be a recipe for the cooling of the housing market and has forced the serious developer to scrutinize every detail of the costs of moving forward with a new project.

As a developer, I believe that the real estate industry is thriving in southern Nevada and throughout the southwestern region. Developers survive based on optimism rooted in realism. It is a different market than it was 12 to 18 months ago. There continues to be opportunity for well-planned projects that make financial sense. There will always be a place for the right project at the right location.

What can we expect in 2007? The real estate market is highly dependent on population growth, interest rates, land prices and construction costs. This is why real estate is very difficult to predict beyond a two-year cycle because a sudden rise or fall of any of these factors produce changes and instability. Over the next six months I see land prices stabilizing, and if anything, may move slightly downward as the market adjusts to the new supply/demand balance. However, in the western states, the populations will continue to grow because of job growth and the relocating baby boomers. **cre**

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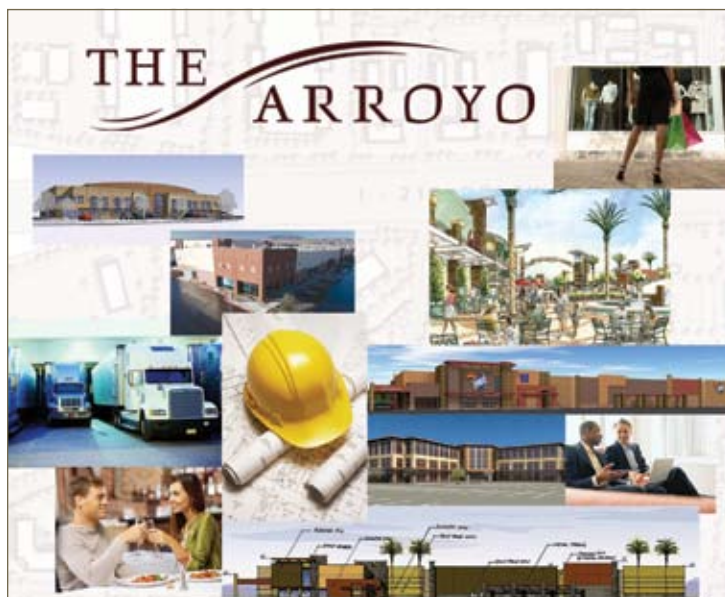
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Architect, contractor honored for showroom

By Brian Sodoma

Special Publications writer

Designing and building the Arlen Ness Motorcycle Showroom requires more than attention to detail. It takes a love for the product too.

And that's clearly what Carpenter Sellers Architects Principal Rick Sellers has for Arlen Ness' "chopper" motorcycles. "You don't want to try to take away from them (the motorcycles being sold)," said Sellers. "You want to complement them, not overshadow them (with the building's design)."

The \$2 million building at 4020 Boulder Highway in Las Vegas uses a basic butler-building concept, where its core steel frame structure is prefabricated elsewhere, then put together on-site. It allows the architect to then add touches to it after the basic building is constructed, said Sellers.

"It (the butler building approach) saves you money and you can still do something interesting with it," he said. "We've done butler stuff, but never something this dramatic."

Arlen Ness, who is considered the godfather of the chopper motorcycle, was not heavily involved in the project, said Sellers, but he still felt obliged to make sure the building was not getting in the way of the bikes. But he still wanted it to stand out from its neighbors, as the site is situated almost directly across the street from Boulder Station.

One of the key features of the building is its large galvalume metal front canopy that helps to capture light, reflect colors and enhance the look of the bikes, said Sellers. Beyond that, the large glass panes in the front of the building offer a generous glimpse of the elaborate chopper motorcycles inside, along with Arlen Ness' neon purple and turquoise colorings used for the interior.

Also figuring into the design was making space for Arlen Ness' traveling crew. The bicycle designer is known for pulling up a semi trailer to his shops and having a barbecue event for bikers in the area.

"We wanted to have space so they can barbecue and hold events," Sellers said. "Bikers become like family and you

have to do that from time to time."

Completed in February, the 17,000 square-foot building has been great for both the architect's and contractor's resumes. The showroom recently won the 2005 "Best Steel Project" award from Southwest Contractor magazine. It has also won recognition from Metal Architecture, an architecture industry trade publication.

Larry Monkarsch, manager of LM Construction LLC, which was the contractor on the job, brought the project to CSA because of the owner's desire to have a large canopy.

"I had a customer (Arlen Ness) who required a canopy and since I saw what they (CSA) did with the Sedona (restaurant, in the west valley, which also has a large canopy), I knew they could do it," he said.

Monkarsch is also putting a focus on doing more butler building projects in the future.

"Butler buildings, in the old days, looked like a tin shack. There are some misconceptions about them ... but they can be anything you want them to be," he said. **cre**

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The Molasky Group of Companies has put the final steel beam in place at its Molasky Corporate Center. The 16-story mixed-use office and retail project is on track for Silver LEED (Leadership in Energy and Environmental Design) certification with its grand opening in Fall 2007. Marnell Correo is the general contractor; Burnham Real Estate now has the listing. The Southern Nevada Water Authority will be the anchor tenant.



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Renderings show Centennial Hills Center, above, and James Medical Center, two medical campuses planned in the area.

New medical centers offer opportunities to doctors

By Danielle Birkin
Contributing writer

Two new medical campuses – The Centennial Hills Center and the James Medical Center – are in the works in Southern Nevada to help keep pace with the continued brisk population boom in the valley.

The Centennial Hills Center is a nearly 300,000-square-foot medical and dental plaza being developed by Huffman Builders West. The \$90 million development will house more than 40 customized offices on 25 acres, and will include 12 single-story, garden-style offices buildings; one 60,000-square-foot, two-story building; and one 90,000-square-foot, three-story building, a Class A office structure that will be the focal point of the project, according to Mike Young, president of Huffman Builders West, who added the entire project will be constructed with a contemporary design.

There will also be a two-story parking structure and lush landscaping throughout the site, which will also include some 50,000 square feet of retail space.

The new project, which is slated for completion in the summer of 2007, will



be located in the northwest valley on Durango Drive and Grande Montecito Parkway, less than a mile from the new Centennial Hills Hospital – the fifth local medical facility in The Valley Health System – which is slated to open in late 2007.

“Our business model is non-hospital medical campuses, and all of our projects are typically within a mile of a hospital,” Young said. “Hospitals provide a certain level of medical care but there are obviously many specialties including primary care (where patients) have no reason to go to the hospital but many physicians like to stay near the hospital

because they do work in conjunction with the hospital and have patients at the hospital but are not necessarily there full time. So we give the doctors an opportunity to actually own their own offices, and this is relatively new to the Las Vegas medical community.”

Young said prices range from the mid \$200s to the low \$300s per square foot for the shell building and the land, with interior finishes ranging from \$70 to \$200 per square foot. The center is approximately 70 percent pre-sold, with 15 percent to 20 percent of the space housing dental facilities.

The medical offices will represent

practices including primary care, oncology, rheumatology and dialysis, and Young said Huffman is also in discussions with a major surgery center and a comprehensive cancer center.

"Because we're not selling set floor plans, everything is completely customized to their needs," he said. "It's a turnkey package, and we do everything from acquisition, development, architecture, medical design and the financing, and they do not start making payments until we hand them the keys and they have a certificate of occupancy. This will be the largest project the company has done in its history, serving a very underserved area of the city."

Groundbreaking on The Centennial Hills Center took place in June 2006, and featured an address by Las Vegas Mayor Oscar Goodman, who spoke about the importance of providing office ownership opportunities to help keep physicians and other medical professionals in the valley.

"Of course the medical community is of primary concern to us – we want first class doctors to be part of our community here, we have many of them right now and we want to continue that trend," Goodman stated at the event. "When doctors see they can have a buy-in and own part of a medical complex, it's a natural for success."

Young expressed a similar sentiment.

"One thing that the mayor and Huffman is very concerned with is keeping doctors in Nevada, and by giving them the opportunity of ownership even the 1,000-square-foot practice has an opportunity to own space in our projects," he said.

The James Medical Center will also provide much-needed health care office space to the valley.

The new facility will ultimately include eight two-story buildings of approximately 22,000 square feet apiece, located on 10 acres in the southwest valley near I-215 and Buffalo Drive just north of the new St. Rose Dominican San Martín campus, which is expected to open later this year.

"One really good thing about James Medical Center is right now we are really the only project under construction with such close proximity to the hospital that someone can come in and purchase and take advantage of the benefits of ownership," Santanna said.

The James Medical Center, which is being developed by James Medical LLC and will also include professional space, is being constructed in four phases, with the first phase of two buildings scheduled for delivery in March 2007, according to Steven Santanna, a commercial consultant with Shea Commercial, which is handling sales for the project.

Each phase will include two build-

ings connected by a pedestrian walkway on the second floor. Santanna said 80 percent of phase one is already in escrow, and will house a surgery center and a developer, who will occupy about 34,000 square feet total.

Prices for phase two, which will open in the spring of 2007 – with the additional two phases following at four-month intervals – are \$230 per square foot for the first floor, \$240 per square foot on the second floor, and \$235 per square foot for tenants who want to purchase a whole building – which would cost just more than \$5 million.

Santanna said the project will feature upscale contemporary architectural design with exterior slate stone veneer and lush landscaping and common

areas throughout the park.

All the buildings/units will be delivered gray shell ready for interior improvements, and buyers will have a choice of square footage options to allow for flexibility and future growth.

"With the cost of land at such a premium, especially in the southwest part of the valley, James Medical Center is providing buyers the opportunity to purchase a first class suite or building at a great price, eliminating the expense and headache a buyer would have trying to build their own building," Santanna said. "The developer has already overcome all of the challenges and issues regarding permits etc., and they are really excited about this project finally starting construction." **cre**

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Commercial real estate industry raises bar

As 2006 steams ahead into its final quarter, the defining marks of the commercial real estate industry in Southern Nevada are continued expansion and redefined pricing levels.

Industrial

The Las Vegas Valley industrial real estate market remains near optimal occupancy levels as long-run land avail-

ability has become a material concern on the part of developers and potential users. Notwithstanding long-term growth challenges, Southern Nevada's industrial market expanded by 3 million square feet during the first half of 2006 with an additional 5 million square feet of industrial space under construction and another 6.6 million square feet planned for future development. The

current level of construction activity has the market poised to shatter previous records.

With supply-side market conditions reporting robust activity, demand in the industrial sector continues at a healthy clip in spite of rising rental rates and concerns over labor availability. Market demand (or net absorption) during the first half of the year was 2.3 million square feet.

By mid-2006, the balance between supply and demand resulted in a relatively low 4 percent vacancy factor, representing a modest increase from the record-low 3.2 percent reported at the end of the first quarter 2006 and a drop from the 4.4 percent vacancy factor recorded one year ago. Current vacancies are well below historical performance measures with no expectation of achieving double-digit vacancy rates into the foreseeable future, which were last reported in late 2003.

The amount of industrially zoned land available at financially feasible prices within the urban valley is remarkably scarce, a factor that has heightened concern in the developer, economic development, and end-user communities.

Besides elevated land pricing and limited availability, other factors continue to impact the sector. The recent trend of developing for-sale freestanding buildings may witness a slow-down, partially attributable to rising short-term interest rates. Construction cost increases may also dampen demand as retail price escalation will require a significant leap to make retail acquisition and development projects feasible.

Finally, a flattening of raw land prices has the potential to limit developers' ability to leverage non-cash equity that was historically readily available and may tighten financial markets.

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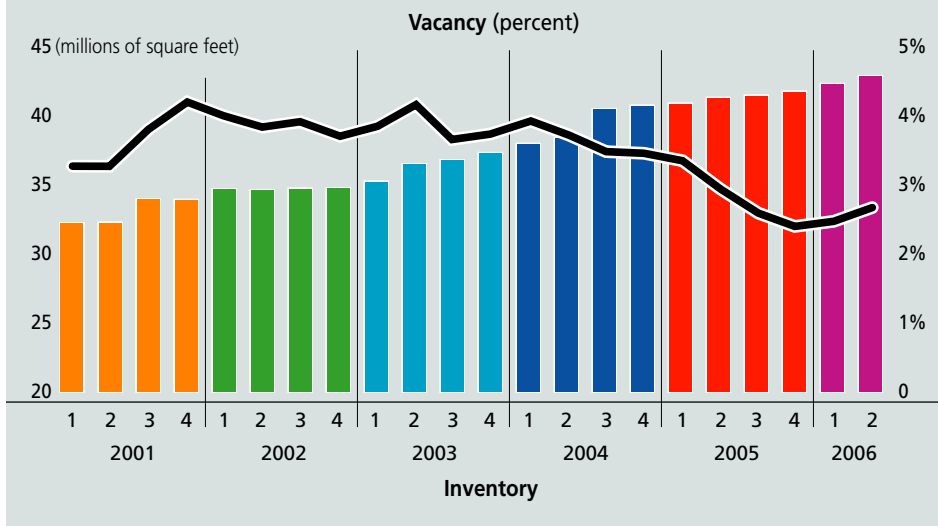
Jeremy Aguero



Brian Gordon

Applied Analysis

Las Vegas Retail Vacancy by quarters



many developers have become more creative in their development strategies and willingness to share in profits. The recent shift toward for-sale freestanding buildings has clearly emerged as a viable option in a low-interest rate and rising cost environment. With these factors shifting, joint-venture arrangements between landowners and those with development experience have allowed interested parties to leverage the expertise of others while mitigating exposure. Another technique receiving increasing acceptance is the ability of investors and developers to acquire larger parcels than they require and subdivide the property.

With all of these factors continuing to play a role in the market's evolution, rural market shifts to small, urbanized areas such as Mesquite, Laughlin, Glendale, Pahrump and northwestern Arizona may be attractive for selected

industrial uses. The recent project announcements at Apex Industrial Park may provide an alternative location, assuming development at programming pricing levels remains feasible. These areas, however, lack both critical mass and a critical mix of supporting infrastructure today.

Office

The office market has also continued its trend of expansion through the first half of the year, although vacancy rates are pointing toward more normalized levels through the first two quarters of the year.

Through June, approximately 2.1 million square feet of space came on line, bettering any six-month tally during the past decade. Reported office expansions in recent quarters are driven by projects designed, marketed and financed up to

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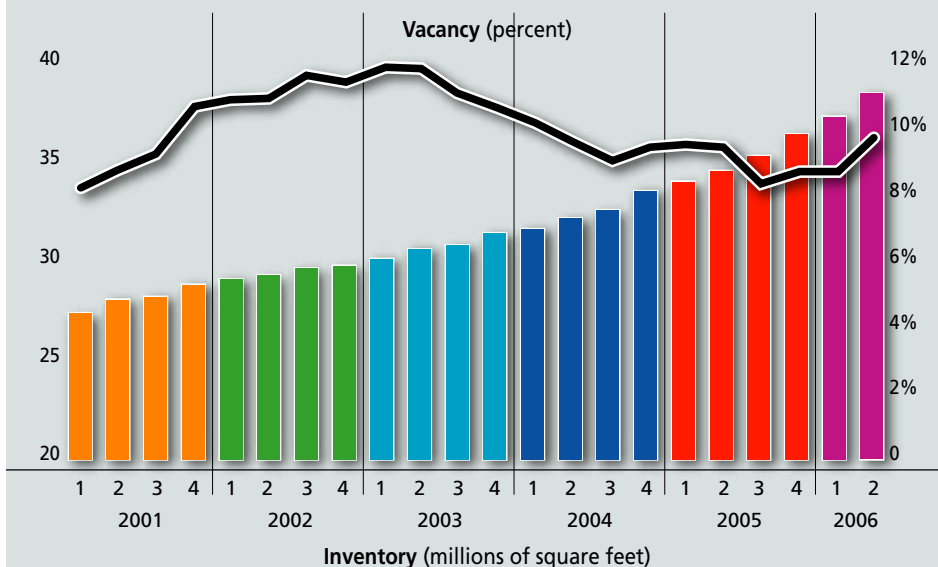
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Demand for space in the southwest portion of the Valley remains relatively healthy, as employers have identified this area as a convenient location for both employees and customers.

18 months ago, a time when market conditions were more favorable. The market also absorbed 1.5 million square feet during the first half of the year. As of mid-2006, 4.3 million square feet of office space was under construction, while plans for another 5.6 million square feet remain on the books.

Office-using employment increased by 6.2 percent during the past 12 months add-

ing 19,100 new positions. Office-using employment sector growth outpaced the valley-wide growth rate of 5.6 percent, suggesting strength in the sector remains.

While the office sector reported its third consecutive quarter of vacancy rate increases, unoccupied space remains below the averages reported in the early 2000s and other major office markets within the southwest region. A significant amount of for-sale, or office condominium, space has come on-line in the past several quarters primarily due to land price and construction cost escalations combined with favorable interest rates during most of the past 18 months. We have no expectation that this condition will repeat itself into the foreseeable future; and, in fact, there is increasing evidence that the tide may be turning toward a softer overall condition.

Demand for space in the southwest portion of the Valley remains relatively healthy, as employers have identified this area as a convenient location for both employees and customers. On the other hand, softness has been reported in the north and southeast submarkets as accessibility and proximity to major labor pools may be impacting those areas' performance.

We continue to see above-average rental rate growth in the speculative

sector, with rising land and construction costs continuing to drive rates north on future projects.

Retail

The Las Vegas Valley retail market continued its expansion as several retail centers completed construction during the first half of the year, while vacancies remained at healthy levels.

The market expanded by 1.0 million square feet through the first half of 2006. Despite the healthy amount of supply coming on-line, approximately 3.7 million square feet remains under construction.

At the end of the second quarter 2006, the retail market consisted of 43.3 million square feet in 279 anchored centers, with unoccupied space totaling 1.2 million square feet. This resulted in a 2.7-percent vacancy rate, a slight increase from the 2.5 percent reported in the first quarter of 2006 and a modest decline from the 3.1 percent reported in the second quarter of the prior year. Demand for retail space remained healthy in the second quarter with 878,000 square feet demanded through the first half of 2006.

Valley-wide vacancy levels are principally attributable to above-average vacancies reported in more mature centers. Retailers have identified emerging parts of the Valley as an opportunity to capitalize on premium demographics despite the increased cost of entry.

Key economic indicators are pointing toward cautious development patterns. Retail-using employment posted an annual growth rate of 5.2 percent which remains healthy, yet it is slightly off the Valley-wide employment growth rate of 5.6 percent.

Taxable retail sales per employee, a key performance measure, have reported continued declines since December 2004 and consumer spending patterns are showing signs of a slow-down.

During the first half of 2006, the market's expansion reached historical averages following a relatively observant development schedule in 2005. In addition to recent retail centers completed, the current wave of construction activity appears to be experiencing healthy pre-leasing activity suggesting a stable balance of supply and demand will prevail in the next several quarters.

Increased land and construction costs continue to drive prices north for tenants, which may have some national retailers looking to other markets for expansion opportunities. While local and regional firms have welcomed high consumer spending levels in recent years, that trend appears to be softening and has the potential to impact tenants' ability to pay premiums for shop space. **cre**

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The massive 57-acre World Market Center site, home to bi-annual furniture markets, carries a \$3 billion price tag.

World Market Center influencing local business

By Brian Sodoma
Special Publications writer

Eight buildings at full build-out, comprising 12 million square feet of furniture showroom space; a \$3 billion price tag; more than 50,000 visitors for each bi-annual furniture market; a proposed 15-story parking garage – the massiveness of the 57-acre World Market Center site is captured with so many of its giant details.

But while much attention is given to volume and overall size of the center, the bigger stories could lie in the small rippling effect it has on the local economy.

The 1.6 million square-foot Building B is set for completion for the January market, where vendors show off new product

lines and retailers place orders. The structure looks to impress with enough space for more than 300 new exhibitors and a nightclub on its 16th floor.

And no one could be happier than Jim Hulin, owner of A/P Digital Studios, a furniture photography company in Henderson that moved here a little over a year ago to offer its services to World Market vendors. For Hulin, as the market grows, so does his business – exponentially.

“Furniture photography is very important to the industry. A furniture salesman is not going to carry around a bed in his trunk,” Hulin said, while adding that his family has also run a studio in High Point, North Carolina, home to the largest furniture markets, which are held in the Spring and Fall.

“More and more of our existing customers are showing



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in Las Vegas too, and as the (World Market Center) markets grow we add existing and new customers," he said. Business has been so good for Hulin that he is currently looking for a 30,000 square-foot studio space.

Inside is a southwest valley retail shop whose primary business is home décor – clocks, vases, wall pieces, framed art, lighting and more. Owner, Dennis Troy, who opened the 1,200 square-foot shop a year-and-a-half ago, said World Market allows him to get access to major brand names without ever having to leave Las Vegas.

"I had a clock store for seven years and I never made it to North Carolina once."

Dennis Troy

Owner, Inside

"It gives us exposure to vendors we wouldn't otherwise see," he said. "We can stay on the cutting edge of what's happening."

Not having to leave Las Vegas for that access may help him to expand the "little big box" concept he has introduced with Inside. He also uses the furniture markets to purchase

furniture, both for sale and for displaying home décor items.

"This time, I did my entire buy without leaving Las Vegas," he added.

Troy also sends an associate down to World Market every few months just to see if there's anything new, a huge luxury he wouldn't have if all the markets were still in North Carolina.

"I had a clock store for seven years and I never made it to North Carolina once," he said.

While people like Hulin and Troy use World Market Center as a direct feed for their business, economic development experts are trying to figure out what other types of companies could benefit from World Market Center's presence.

Bob Cooper, Henderson's economic development manager, said his group is trying to work with World Market Center officials and the Nevada Development Authority to identify exactly what types of businesses his group should be targeting.

"We're trying to get our arms around it. ... We're thinking 'what type of supplementary businesses and services would people of that type (furniture vendors and retailers) need?'" he said. "Once we're able to identify those specific kinds of businesses we hope to follow up with marketing collateral."

Dave Palmer, general manager of World Market Center, is another one of those that is trying to keep his eyes open for opportunities. For now, he said, the emphasis on growing ancillary businesses may lie in marketing the valley as a distribution center for furniture retailers.

"When we do talk to people who are considering opening a distribution center in California, I'll say 'hey, have you thought about Las Vegas?'" Palmer said. "It would be more efficient to send it (furniture) up here. ... That (distribution business)'s going to continue to grow for Nevada."

Further, Palmer said there are other economic factors to consider with World Market Center. The facility hires at least 700 people for each market, held in July and January of each year. On any given day, with staff and construction workers on-site, there are between 300-600 workers on site.

"I've even talked to people who have purchased condos or homes specifically for entertaining clients for markets," he added.

Much has been said about the Las Vegas furniture market eventually overtaking High Point in size. But Hulin, who has been in the business in North Carolina for more than two decades, said it will probably be a slow evolution because of the need for more building space in Las Vegas. Right now World Market Center uses space at the Las Vegas Convention Center and has extra pavilions on site, in addition to its permanent space.

"For the Vegas show, it tends to be regional retailers and vendors, he added, but slowly there are more and more people coming from elsewhere," he added. "But still, the bulk of the furniture is still bought in the Eastern U.S."

But Hulin also said Las Vegas has an advantage with having the January market.

"January is a great introduction time for furniture. Vendors work on the calendar year, so at that time they can start formulating orders for the year," he added.

He also said an emerging business from the World Market Center's presence is in furniture samples re-sales. Since vendors, after a market closes, don't want to pay for the shipping to send their floor samples back to showrooms, they are more than happy to sell them to local retailers at a deep discount.

"If I had the time, I'd do that as a second business. When you do that you're offering a product between wholesale and retail price that can sell quickly," he added. "The people that are here are only scratching the surface with that."

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Cheyenne Fairways Business Center

Cheyenne west of Durango, fronting the Durango Hills Golf Club.

Cheyenne Fairways Business Center is a 60,000 square foot office/retail development for lease, featuring a two-story 50,000 square foot office building directly overlooking the 3rd and 4th greens and the entire length of the Durango Hills Golf Club. In keeping with the theme, Investment Equity is building an expansive putting green between the office and the golf course, exclusively for the tenants. This project is well located within close proximity to Mountain View Hospital, Summerlin, Desert Shores, the Las Vegas Tech Center and US-95, with restaurants and shopping nearby, and is anchored by the WaterMark Executive Suites.



Rainbow Corporate Center

On the corner of Rainbow and Post, just north of the I-215 Beltway.

This development is a 10-acre project, consisting of 12 medical/professional office buildings for lease or sale with units ranging from 2,000 to 15,000 square feet, totaling over 87,000 square feet. The project is situated close to the I-215 Beltway and within a 3-mile radius of three new hospitals, with Rainbow frontage available. All owners will have high visibility with signage on their buildings as well as a monument sign fronting Rainbow.



North Buffalo Business Centre

On Buffalo Drive just north of the Buffalo/Cheyenne intersection.

This development will have two 10,000 square foot single-story buildings with units for sale or lease ranging from 2,500 to 10,000 square feet. The project enjoys the benefit of having both high visibility and a great location close to Mountain View Hospital, the Las Vegas Tech Center and US-95. Owners will have signage on the building and a monument sign fronting Buffalo, as well as an electronic reader-board for personalized business messages.

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NAIOP provides united voice for strong chapter

Known as the local voice of commercial real estate development, the Southern Nevada Chapter of the National Association of Industrial and Office Properties (NAIOP) has been supporting the efforts of developers, owners, investors and asset managers in industrial, office and mixed-use commercial real estate for more than 20 years.

Affiliated with the 13,000-member-strong national NAIOP, the Southern Nevada chapter is the fourth-largest NAIOP chapter in the country, behind only Massachusetts, Southern California and Minnesota. It was launched in 1986 as a socially-oriented club.



Ralph Murphy
NAIOP President

But the boom in commercial real estate in Southern Nevada and the group's desire to have a voice in the community's development plans refocused the energies of this member-driven trade organization on weightier matters.

For example, the chapter developed a political presence by forming the Commercial Real Estate Political Action Committee (CREPAC) as a way to create a dialogue with public officials, and it formed an active Government Affairs Committee focused on local and state issues. And its voice is being heard. In the past year, members of the organization's 15-person board of directors met with more than a 30 gubernatorial candidates, state senators and assembly members and other public officials to discuss commercial development issues and concerns, as well as to offer its collective expertise to help solve the challenges facing the commercial real estate industry and the entire community.

Another valuable benefit for the chapter's 700 members is its professional development opportunities and chapter activities. The chapter fosters professional interaction and growth among members through its monthly breakfast meetings that feature respected industry speakers and its valuable educational seminars and workshops. For example, it recently hosted a group of workshops with each municipal government in the valley focused upon navigating the project approval process.

NAIOP also organizes many special events every year, including its flagship events, the annual Spotlight Awards, the annual bus tour, and semi-annual golf tour-

naments and the proceeds from which go to NAIOP's political action committee.

The bus tour of office and industrial properties located around the Las Vegas Valley has become a much-anticipated annual event, attracting more than 400 people in 2006. The three-hour tour route includes buildings that are two years or newer of at least 25,000 square feet, and is meant to give participants a close-up look at what's under construction in Southern Nevada. Because it's not possible to see the entire Las Vegas Valley in a short time, two bus routes – one on the east side of the valley and the other on the west side – each visit about 50 different industrial and office developments. Tour day concludes with a cocktail party at which members can network with business associates and visit informational booths set up by tour sponsors.

The Southern Nevada Chapter, like its parent organization, is governed almost exclusively by its own membership, which includes the developers, architects, engineers, contractors, asset managers, brokers, consultants and attorneys who are dedicated to the responsible and sustainable growth of the Las Vegas community. Members are encouraged to participate in the organization's committees that include Government Affairs, Communications, Membership, Sponsorship, Programs, Education, Spotlight Awards, Bus Tour and golf tournaments. Each committee sets its own goals – goals that work synergistically to help the organization in attaining its organizational objectives.

As the saying goes, there's strength in numbers. The Southern Nevada Chapter of the National Association of Industrial and Office Properties is proving that having a united voice, a strong industry presence, and a commitment to the market it shapes is the best way to build on its past successes while charting the future of commercial real estate in the volatile Las Vegas market. **cre**

The chapter fosters professional interaction and growth among members through its monthly breakfast meetings that feature respected industry speakers and its valuable educational seminars and workshops.

Ferry flourishes in role with NAIOP

By Lisa McQuerrey
Contributing Writer

Alternative Management president Katrina Ferry is a good old-fashioned Las Vegas success story. Moving from Reno to Las Vegas in 1989, Ferry started selling real estate with the vision of one day opening her own management services company. Starting with a computer in her bedroom and a fax in her kitchen, Ferry created a mailing list from a chamber of commerce directory and sent out 50 direct marketing letters advertising her services. Her first client: The National Association of Industrial and Office Properties (NAIOP) Southern Nevada Chapter. “And the rest,” said Ferry, “Has been word of mouth. I have all our members marketing for me.”

A motivated professional in the right place at the right time, Ferry said the business climate in Southern Nevada in the early 1990s was ripe for entrepreneurs and for organizations like NAIOP. She has since parlayed her association with NAIOP into a thriving business operation

NAIOP MEMBER PROFILE **KATRINA FERRY**

that is currently considering its third move into progressively larger office space. She has also been instrumental in helping NAIOP in its growth trajectory from 80 members in 1990 to more than 700 today.

“In 1990,” said Ferry, “I knew the entire NAIOP membership roster off the top of my head.”

Though technically a retained consultant, Ferry holds the title of “administrative director” for NAIOP. She has coordinated NAIOP’s annual bus tour since 1991, touring more than 80 commercial and industrial development projects in the valley. The most recent tour attracted 400 professionals including real estate industry executives, architects, developers and investors. Ferry also assisted in the creation of NAIOP’s Spotlight Awards program, which recognizes all levels of quality commercial development in Southern Nevada. In addition, she coordinates NAIOP fundraising golf tournaments.

“I started with coordinating board meetings and events, and the scope of my services has multiplied exponentially,” explained Ferry, who said a large part of her mission is to help the organization create various networking opportunities for members. “The members drive the association.”

Ferry said she’s grown personally and professionally through her association with NAIOP. She attends the organization’s annual national leadership retreats and has served as the chapter executives’ representative to the national board of directors. She has been involved in the NAIOP National Membership and Chapter Relations committee and in 1996, was honored with NAIOP’s Chapter Merit Award for outstanding contribution by a chapter executive.

Alternative Management provides a wide variety of administrative and management services to professional, membership-based and nonprofit organizations, primarily in the commercial real estate industry, though recent new clients include National Association of Women Business Owners (NAWBO), Technology Business Alliance of Nevada (TBAN) and the World Poker Association. Services are tailored to fit the evolving needs of individual clients and include everything from general administration, such as meeting coordination, event planning and financial management, to long-term planning, membership recruitment, program development and communications.

“Our expertise starts in core business management,” said Ferry, who currently employs eight staffers. “With new clients we sit down and learn what their needs are, and then we fill in the gaps with other things they may not have thought about,” explained Ferry. “We then develop a scope of services which we continually evaluate and evolve with. It’s a partnership with our clients. We’re a team. We come to think of ourselves as part of the organization.”

Ferry said her company serves as an alternative for associations that don’t want or need full-time management in place, yet still need to cover a variety of management functions.

Given her niche specialty providing services to several commercial real estate-related entities, Ferry said she is occasionally asked about how she can work with seemingly competing organizations while avoiding conflicts of interest.

“Each association has a very distinct purpose that makes it unique and valuable in its own way,” explained Ferry. “And we market each of them in that way.”

Besides her business ventures, Ferry is involved in the Southern Nevada community. She serves on the board of directors of the Through the Eyes of a Child Foundation, which funds educational and cultural opportunities for current and former residents of Child Haven. She is also a volunteer for Junior Achievement, an organization she credits with getting her started on the path that has led to her business success. **cre**



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Marcus & Millichap fills niche in Las Vegas

By Lisa McQuerrey
Contributing Writer

Investors are looking for high cap rates and high returns,” said Marcus & Millichap Regional Manager Christopher LoBello. “They’re looking for good deals, and Las Vegas has always been an extremely active market.”

Marcus & Millichap is the only national brokerage firm specializing in real estate investments. The company has created national specialty groups for each major property category, which include hospitality, land, manufactured homes, multi-housing, office & industrial properties, retail, senior housing, self storage and net leasing. Each specialty group is made up of a national director, an executive committee of key management and support personnel and investment professionals

organized by experience level and expertise. “Agents specialize in particular areas,” noted LoBello. “We don’t all try to specialize in everything.” LoBello said the approach allows agents to be fully focused and knowledgeable in their individual markets, providing a higher level of representation and return for clients.

LoBello oversees all brokerage activities for Marcus & Millichap and its agents in Southern Nevada. He said the structure of the organization provides a platform of specialization and “deep, broad exposure” for clients, as well as exceptional market knowledge.

“Properties are exposed to 1,000 agents within 24 hours of listing,” said LoBello. “We import and export capital into different marketplaces and we’re able to cross-pollinate differentiation in product type.”

Marcus & Millichap also facilitates 1031 exchange transactions and offers financing services through Marcus & Millichap Capital Corp. The corporation works to secure the most competitive financing in both loan terms and loan proceeds for clients through its nationwide network of agents and its research services division. Investor services span the range from portfolio analysis to market research. Agents work with clients to evaluate and understand long-term objectives and then develop a specialized marketing plan and team for the

client’s specific projects. The firm handles everything from single assets to large multi-market portfolios and institutional investments.

While LoBello said the real estate market here in Southern Nevada is undergoing “growing pains,” he noted that even

“slow” times in Las Vegas still produce



NAIOP MEMBER PROFILE MARCUS & MILLICHAP

a stronger investment climate than other national markets.

“Las Vegas is still a great investment,” said LoBello. “As the market changes, different players emerge, and you see different buyers and sellers.”

LoBello joined Marcus & Millichap in 1996 as an agent, focusing on single- and multi-tenant leased investments. He also specialized in the sale of office, medical office, single-tenant and industrial warehouse buildings. LoBello was a top-producing agent and was recognized with numerous awards for his accomplishments. Since taking on the role of regional manager for the Las Vegas office in 2002, the office has realized more than \$1 billion in investment real estate sales.

Much of Marcus & Millichap’s expertise in the market comes from executive involvement in industry organizations. The company has been a member and supporter of the National Association of Industrial Office Properties (NAIOP)’s Southern Nevada Chapter for many years. LoBello has served on various committees and has been involved in education and government affairs issues in the past. He said one of the greatest benefits of being involved with NAIOP is the opportunity to know other brokers and really get out into the market.

“That says a lot about what NAIOP has been able to achieve for its members,” said LoBello. “It’s a source for keeping your hand on the pulse of what’s going on.”

Besides his involvement with NAIOP, LoBello served two terms on the citizen’s advisory committee for the Regional Transportation Commission. He is on the executive board of UNLV’s Lied Institute for Real Estate Studies and is a member of the International Council of Shopping Centers and the Las Vegas Chamber of Commerce. **cre**



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For Plise, office space is head of the class

By Alana Roberts
Special Publications writer

T rue Class A office space is the core competency of developer Plise Cos., which has five office projects in various stages of completion throughout the Valley, along with a planned mixed-use development in Henderson.

The company's current projects feature all of the added amenities that are unique to Class A office space, said Jon Field, associate general counsel for Plise Cos. The projects are Rainbow Sunset Pavilion, Centennial Corporate Center, Rainbow Quail Plaza, Rainbow Diablo Professional Building and Siena Office Park, as well as City Crossing, the mixed-use development made up of residential, retail and as one might have guessed, Class A office space.

But, not every project that is marketed as Class A actually is true Class A, Field said.

"Certain brokers will dub office projects Class A, but they require certain amenities," he said. "You have to have a certain amount of retail or commercial within proximity of the building and structured parking. The tenant expects certain services and a certain environment in which to conduct its business. Those are the kinds of clients we build for."

Further, the company has made sure to place the projects in vibrant or soon to be vibrant areas. Three of the projects are located on or near Rainbow Boulevard, an area that is densely

populated and is easily accessible by the I-215.

"It logically makes sense that you would develop along Rainbow (Boulevard)," he said. "Traffic flow and development in the Southwest and proximity to the I-215 is there. There's access between two major communities in the Valley, Green

Valley and Summerlin. It's an ideal central location."

NAIOP MEMBER PROFILE PLISE

The company is now taking its strengths in office development and applying them to mixed use. The 126-acre City Crossing project, originally planned to be the Sage Mountain Commerce Center, features industrial and office uses.

The project is part of an evolution the company and its leader, Bill Plise, have undergone. Plise has been involved in various aspects of residential and commercial real estate for 19 years, although he established the company in 1994, Field said.

"Bill has done almost anything you can think of from landscaping to master-planning these types of office parks," he said.

Plise Cos. is the development arm of the firm, but there is also Plise Development & Construction, which acts as a general contractor and other subcontracting firms that fall under the company's umbrella.

"It's a vertically integrated, full-service development company," Field said. **cre**

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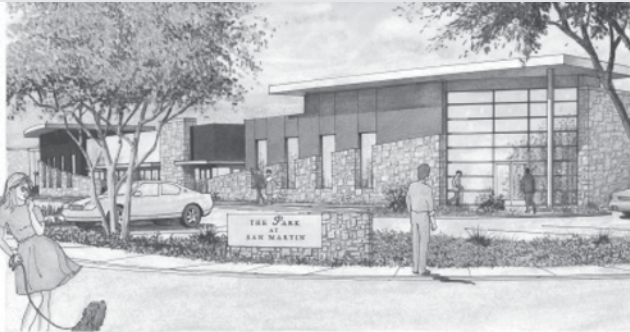


A rendering shows The Park at NorthPointe, a \$20 million business park under construction on Martin Luther King Boulevard.

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The Park at NorthPointe provides upscale product

By Lisa McQuerrey
Contributing Writer

Construction on the first phase of the \$20 million Glen, Smith & Glen (GSG) Development Co.'s The Park at NorthPointe is in its final stages, with occupancy anticipated by mid-October. Located between Craig Road and Alexander Road on Martin Luther King Boulevard, the single story project will consist of 21 office/professional and office/retail buildings ranging in size from 4,200-7,200 square feet. "What we find in these business parks varies," said GSG managing partner



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Kenneth Smith, who noted tenants at The Park at NorthPointe are similar to those found in GSG's other successful developments, The Park at Warm Springs and The Park at Spanish Ridge. "We're seeing real estate brokers, attorneys, accountants, builders, advertising agencies and all kinds of other professionals."

GSG has been recognized on numerous occasions for its innovative, detail-oriented business park design. The company has won several awards, including the National Association of Industrial Business Properties (NAIOP)'s "Trend-setter of the Year" Spotlight Award.

"In general, Glen, Smith & Glen concentrates on the quality end of the market. We commission art and install fountains and landscaping. We offer a little higher-end product," Smith said.

Smith said at first he was unsure of whether there would be an interest in upscale office space in Southern Nevada, but following completion of The Park at Warm Springs, found there was indeed a market for his product. Still other projects in the works include The Park at San Martin, Patrick Professional Park and another mixed-use product to be built at Sunset & Durango in Sullivan Square.

Of course, as they say in real estate, it's all about location, location, location. According to Smith, the early success of The Park at NorthPointe is due in part to its position near the fast-growing master-planned community of Aliante.

"There's a very logical development phenomenon where the natural progression is houses, then office and retail space," Smith explained. "Aliante is really helping the area grow, and I'm a big believer in North Las Vegas. Some exciting things are going on and we're happy to be there."

When it comes to the type of professionals who are attracted to GSG developments, Smith said he's seen a recent "permanent shift in psyche" for many business owners who for years assumed leasing office space was always preferable to owning it. "Large national companies like the flexibility of leasing," explained Smith, "But now we're seeing people consider the long term – should I lease or buy and have a nest egg?"

According to Smith, lease rates will double over a 20-year period, whereas mortgage rates can be locked in, allowing owners to build equity. He touts the advantages of ownership to potential clients, noting the positives associated with owning property in a professional park with amenities.

In terms of staying in touch with



NAIOP MEMBER PROFILE

GLEN, SMITH & GLEN DEVELOPMENT

industry news and development trends, Smith said GSG is heavily involved with NAIOP. The company has sponsored numerous NAIOP events, programs and activities. Most notably, the company served as platinum and silver sponsor for NAIOP's President's Circle and for the second year in a row, is serving as sponsor of the popular NAIOP Bus Tour.

Smith called NAIOP a "very useful

tool" at the local and state level, lobbying lawmakers on issues that affect developers in Southern Nevada.

"All of our project managers are involved with NAIOP. While so many of us have our nose to the grindstone, they're watching the big picture. It also provides a forum for networking and talking about governmental issues."

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Marnell Properties working to meet needs of growing business community

The development company who built the most world-renowned hotels and casinos is bringing the same quality and expertise to its projects in the Las Vegas commercial real estate market. For more than two decades, Marnell Corrao Associates has defined the look and environment of Las Vegas through its innovative architectural designs, interior designs and construction techniques for the most recognizable hotel/resort properties in the world.

A division of Marnell Corrao Associates, Marnell Properties, is a real estate development and management company that focuses on the acquisition, development and management of commercial, revenue-producing real estate holdings and long-term portfolios. Applying that same tradition of innovation and experience as Marnell Corrao Associates to the commercial real estate environment,



Brad Schnepf
Marnell
Properties

Marnell Properties is defining a new Las Vegas as a city able to provide business infrastructure that will enhance the capabilities of growing business and leading edge companies serving local, national and international markets.

Marnell Properties is creating three high-profile business communities in Las Vegas. Marnell Corporate Center is a 736,000-square-foot, master-planned class "A" office campus, Marnell Airport Center is a master-planned 75-acre mixed-use development adjacent to McCarran International Airport that will offer office, industrial and aviation related uses and McCarran

Marketplace, a 75-acre community retail center featuring national anchor tenants, retail pads and in-line retail opportunities. In each of the projects, Marnell Properties is defining standards that meet the needs of a growing and increasingly sophisticated business community.

With our combined existing and planned development projects, Marnell Properties is constructing more than 1.3 million square feet of distinctive commercial, retail and office space within the Las Vegas market. The demand for commercial office and retail space remains strong and our experience indicates that those in the market for new space are looking for projects and buildings that offer something different and we believe Marnell Properties provides that service and responds to that need.

Strategically located at the intersection of I-15 and I-215 and adjacent to McCarran International Airport, the 37-acre master-planned office campus will feature 12 buildings with nearly 736,000 square feet of office space and amenities. Marnell Corporate Center is a class "A" office environment providing high visibility and ease of access to all points in the Las Vegas Valley. The multi-tenant buildings in this center feature highly efficient floor plans, state-of-the-art facilities, management services, access to high-speed data infrastructure, lush landscaping, covered parking and public area finishes of the finest materials available.


Our goal with Marnell Corporate Center has been to create an address. When complete, the 37-acre office park will have more than 700,000 square feet of office space, as well as Homewood Suites hotel and Panevino Fine Dining Restaurant and Deli as additional amenities.

Lennar Homes recently took up 82,000 square feet in a recently completed four-story building. Now under construction at the Marnell Corporate Center is a five-story, 117,000 square-foot class "A" office building. The building will be completed in the fourth quarter, with the first occupancy by January. Also under construction is a five-story parking structure to accommodate future parking.

Marnell Properties expects to break ground by the end of the year on additional multi-story office buildings that

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A rendering of Marnell Corporate Center, a 37-acre office park which will feature more than 700,000 square feet of office space, plus other amenities.

will complete the corporate center.

Another Marnell Properties venture is McCarran Marketplace, which will include an estimated 50 stores with 3,000 parking spaces upon its completion in the fourth quarter of 2007. The 600,000-square-foot community retail center will have 16 steel, stone and glass buildings arranged in a master-planned setting. The \$40 million complex will be co-anchored by a Wal-Mart Superstore and a Lowe's Home Improvement Center, with PetSmart, Office Depot and Ross as junior anchors. McCarran Marketplace

is currently leasing space for single and multi use pads, junior anchor space, shop space and multi-tenant retail structures.

Marnell Properties enhanced the project with \$15.5 million worth of infrastructure improvements consistent with published Design Guidelines and CC&R's, including traffic circulation, roadways, signage, walk paths and extensive landscaping, such as 20-foot-tall date palms, shrubs, turf and plants.

This is an upscale, leading edge type of development that will feature steel and glass structures have cantilevered

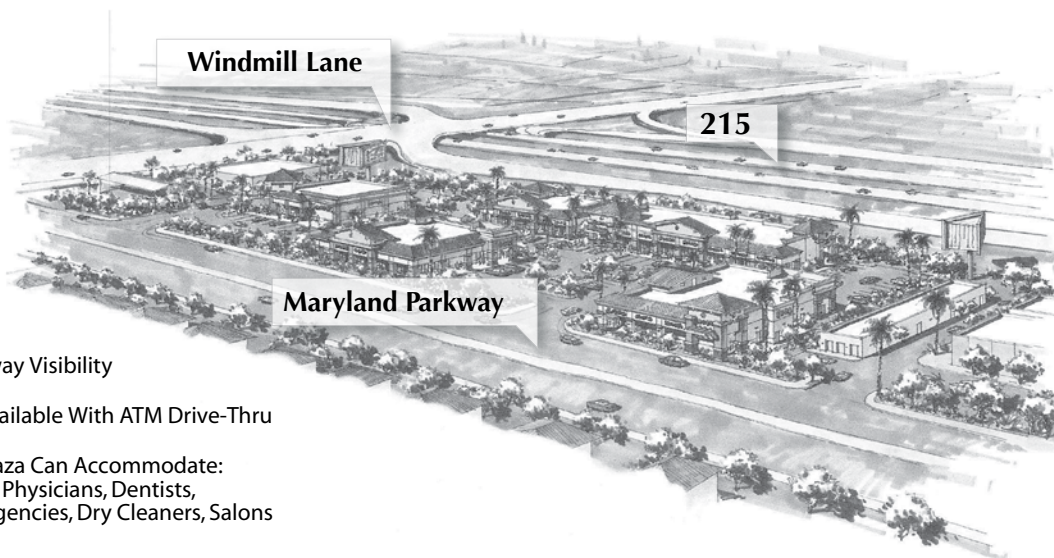
overhangs for shaded walkways and outdoor bistro-style dining that will complement the surrounding neighborhood. Until now, local residents have had to travel elsewhere for these goods and services.

Marnell Properties is scheduled to break ground in fall 2006 on its newest development project, Marnell Airport Center. It will be a master-planned airport development center of approximately 75 acres adjacent to McCarran. With access to the runway system, Marnell Airport Center is a site with one of the few opportunities in the nation to develop airside facilities on an international airport. The master plan will also include office, industrial, and distribution/warehouse facilities. Phase one of the build out will consist of three 80,000-square-foot office buildings and a quick-care center.

The meeting of vision, resources and expertise at the hands of a master commercial builder presents opportunities that create real value for clients, employees and the industry at large by defining new standards and expectations that result in more productive work environments and make a statement about who we are. Marnell Properties embraces this vision to help define its role in the fastest growing city in America. **cre**

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General Growth impacts retail on, off Strip

Las Vegas has always been in a class by itself. The retail market is no exception – even for General Growth whose portfolio includes some of the top-performing retail centers in the country, such as Ala Moana Center in Honolulu, Water Tower Place in Chicago, Faneuil Hall Marketplace in Boston, Harborplace and The Gallery at Harborplace in Baltimore, Galleria Dallas in Dallas and South Street Seaport in New York. Las Vegas' amazing collection of world-class hotels, shopping centers, restaurants, entertainment offerings and gaming venues combine to create an energy and excitement unrivaled anywhere.

In fact, General Growth's two Las Vegas Strip properties – Fashion Show and The Grand Canal Shoppes – enjoy special status within the corporation. Our Las Vegas Strip shopping centers are not only pacesetters in terms of both sales and traffic, they are strategically significant within the General



Daniel J. Sheridan

General Growth Properties

Growth portfolio. Las Vegas' vibrant economy, growth and distinction as the entertainment capital of the world, not only makes the city a worldwide favorite tourist destination, it continues to set the market apart as the ideal place for development, retail included.

General Growth has directed considerable focus toward its Las Vegas properties since it acquired The Grand Canal Shoppes at The Venetian in May 2004 as well as The Rouse Company in late 2004. We expect our position here to continue to strengthen with the addition of new retail properties at two of the city's most desirable addresses: The

Shoppes at The Palazzo in Phase II of The Venetian located directly on the Strip; and The Shoppes at Summerlin Centre located in the master-planned community of Summerlin, which boasts the valley's strongest demographics as they relate to education and income.

The impact of tourism on shopping continues to bode well for retail developers and operators, especially here in Las Vegas where tourists come to play, to escape and to indulge. Shopping, once a secondary activity for tourists, continues to grow in popularity as a primary reason tourists come here. After all, shopping, for many, is the highest form of escapism. Given the fact that shopping today is no longer as much about need as it is desire, consumers want more out of shopping than just buying more stuff; they demand an entertaining experience. And here in Las Vegas, the expectation is that entertainment, even while shopping, will be on a grand scale.

At Fashion Show, entertainment is provided via New York-quality fashion shows on an 80-foot retractable runway in The Great Hall that rises out of the mall floor more than 1,000 times a year. Daily runway fashion shows provide an element of unexpected entertainment. And the Great Hall has made Fashion Show a favorite special event venue for television productions, press conferences, product launches, charity fundraisers and more. Even the scores of special events held in The Great Hall add an unexpected element of entertainment as shoppers become voyeuristic participants in a variety of national and international events. At Fashion Show, it's possible to see all 52 Miss America contestants strut the runway, catch a press conference with the cowboy champions of National Finals Rodeo; watch extreme sports champions do 720-degree flips from the runway on their BMX bikes; and participate in a reality TV show taping in the middle of the Great Hall.

The Grand Canal Shoppes, a marvel of painstakingly reproduced Venetian landmarks, offers another brand of entertainment as the country's most unique themed destination shopping center. It's an architectural wonder that creates an environment reminiscent of Old World Venice – from the cobbled walkways and painted sky ceilings to the charming street vendors, carnival

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performers and winding canal. We know the atmosphere is just one of the reasons why The Grand Canal Shoppes is so successful. It creates a powerful attraction that continues to draw millions of visitors every year who eagerly await a 25-minute ride in a gondola to take in the sights and smells of Europe – in the heart of Las Vegas.

As important as themed ambiance is to The Grand Canal Shoppes at The Venetian, the only theme planned for The Shoppes at The Palazzo is luxury. The 300,000-square-foot retail center is currently under construction as a part of the Las Vegas Sand Corporation's development of The Palazzo, Phase II of The Venetian. The Shoppes at The Palazzo, which is adjacent to The Grand Canal Shoppes, has already announced its first major tenant – Barney's of New York. At General Growth, we believe Barney's arrival in Las Vegas is yet another signal that the luxury retail market is alive and well. And industry analysts concur. Much has been written about the luxury market over the past few years. Even in a down market, in the face of rising gas prices and tumbling home values, luxury consumers continue to seek luxury brands and products as a form of escape and entertainment and to maintain their status.

Even off-Strip, General Growth is working to take retail to the next level with The Shoppes at Summerlin Centre. Located in the community's urban village at West

Charleston Boulevard and the 215 beltway, the 1.5-million square foot outdoor pedestrian shopping center is being designed and merchandised with a variety of luxury and lifestyle retailers as well as restaurants and entertainment venues. Bringing high-end, trend-setting retail to Summerlin is exciting because we know residents there are hungry and eager for this kind of shopping and entertainment experience. Together, GGP, the country's leading retail developer, and Summerlin, the country's premier master planned community, are positioned to make retail history.

Tourism and a huge influx of new residents have combined to create significant opportunity for retail developers – both on and off the Strip. The recent string of announcements for major shopping centers planned for suburban Las Vegas areas underscores the strength of the market. At General Growth, we, too, believe the city is well positioned for the ongoing retail development boom. Our confidence in the market is fortified by a continuing upswing in both traffic and sales at all our shopping centers, including Meadows Mall and The Boulevard Mall – not just those on the Strip.

There has never been a better time for retail – particularly in Las Vegas. And within the General Growth family of more than 220 regional shopping malls – some of them the finest, the biggest and the best in the country – that's quite a statement. **cre**

The impact of tourism on shopping continues to bode well for retail developers and operators, especially here in Las Vegas where tourists come to play, to escape and to indulge.

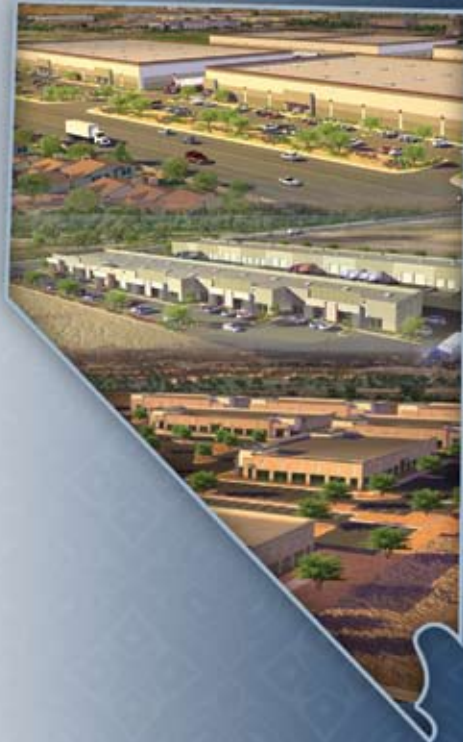
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Local architects share in the growth of commercial real estate

By Alana Roberts
Special Publications writer

Architects are one beneficiary of the growth of commercial real estate in the Las Vegas Valley in recent years. One example is the success the Friedmutter Group Architectural & Interior Design Studios has reaped from that growth.

The firm's founder and chief executive, Brad Friedmutter, turned a career as a gaming executive into a business. The company caters to the unique architectural needs of the gaming and hospitality industry.

Friedmutter began working in the industry in the 1970's and has worked previously as vice president of design and construction for Steve Wynn at

the Golden Nugget Las Vegas, Mirage Resorts Inc. and Bally's Inc.

The company, which was founded here, also has offices in Newport Beach, Calif., Atlantic City, N.J. Biloxi, Miss., Macau and Dubai. Its client list includes the likes of Station Casinos Inc., Harrah's Entertainment Inc., MGM MIRAGE and Trump Entertainment Resorts.

Although the company's core business is related to gaming, Friedmutter said gaming properties actually are mixed-use projects.

"In the past people thought if you did gaming, you did the back of the house or slot areas," he said. "That pigeonholed us. What we call them now are mixed-use or multi-use projects that have gaming components. They have public areas which consist of restau-



Friedmutter Group was involved in the master-planning, design and architecture of Red Rock Casino Resort Spa, left.

rants, nightclubs, lounges, theaters, retail, a parking structure, sometimes a bowling alley. You have habitation above with the hotel. The notion of mixed-use has been around a long time.”

The firm, which has been in business since 1992, also specializes in the interior and exterior design, master-planning, graphics and branding of gaming and hospitality properties. He said blending those disciplines has made the company stronger.

“Since I’ve been in the gaming business I realized how important it was to integrate interior design with architecture,” Friedmutter said. “I felt it was a service. We feel we’re unique because we provide both.”

He said his experience as a gaming executive has taught him how to design properties that attract new and repeat customers and help owners remain competitive.

“We are one of the few firms in the world that really do what we do and understand the casino business,” he said. “We understand what our clients’ customers are looking for. You can’t help but notice how they (gaming companies) cater to the customer. The customer today is looking for a lot of different options and the easy ability to get to them. We try to create a seamless flow from space to space.”

Friedmutter Group was involved in the master-planning, design and architecture of Red Rock Casino Resort Spa as well as Green Valley Ranch Resort Spa Casino and other Station Casinos properties.

In contrast to the Tuscan-inspired design of Green Valley Ranch, Red Rock was designed with the surrounding Red Rock Canyon National Conservation Area in mind. The property’s design, dubbed “desert modern,” is reminiscent of Palms Springs, Calif. architecture from the 1950’s. Red Rock, which cost

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Hank's steak house inside the Green Valley Ranch resort.

\$925 million to build, features a lavish use of fine marbles, woods, crystals and glass.

Scott Kreeger, senior vice president of Red Rock and Green Valley Ranch, said Friedmutter Group has cultivated a strong relationship with his company.

"Friedmutter understands how Station Casinos builds casinos," he said. "It makes the design process so much easier."

He said the company emphasizes ease of access and Friedmutter understands that.

"One thing people may not notice but feel is the proximity and adjacencies," Kreeger said. "When you build a casino people don't necessarily walk in and say, 'Okay, it was easy to park,' but they feel it."

Further, as the company's properties have evolved, certain elements have become mainstays like building separate entrances for hotel and convention areas while still easily connecting them to the rest of the casino.

"Casinos are no longer casinos," Kreeger said. "They've become entertainment destinations for the area they serve. I would say in the case of Green Valley Ranch and Red Rock that we have raised the bar. We've exceeded people's expectations. Once they're inside and its user-friendly that translates increased market share and allows us to have a competitive advantage over our rivals."

Friedmutter group isn't the only architecture firm to have benefited from commercial real estate's growth. Randy Lavigne, is executive director of the American Institute of Architects, Las Vegas and Nevada chapters. She said the area's field of architecture has grown as the real estate market has grown.

"Nothing happens unless something is put on paper," she said. "It has to start with an idea. Somebody has to design what the project will look like and how it will function."

The amount and variety of architectural work available in the Las Vegas Valley is unique nationwide, Lavigne said.

"The phenomenal growth in Las Vegas is amazing," she said. "When you talk about the magnitude, the number of projects, the scale on which they are done it is phenomenal (when compared) to the rest of the country. Even the larger cities, Chicago and New York are barely comparable to what's going on here."

Friedmutter agreed saying that architecture has grown and matured in Las Vegas, particularly in recent past years.

"We have contractors who bring in celebrity architects, (but) the quality of architects in Las Vegas is more than fine, it's excellent," he said. "As the city grows, we are attracting more architects. I hope everybody has success, competition isn't bad." **cre**



A rendering, above, shows a renovated Desert Passage. Below is the entrance to Wild Pair.

Desert Passage promises something for everyone

By Brian Sodoma
Special Publications writer

It may take a village to raise a child, but not one to make money.

That's the sentiment for officials at Boulevard Invest, the ownership group of The Shops at Desert Passage inside the Aladdin Resort-Casino. The retail complex is currently in the middle of a \$50 million overhaul that will ultimately scrap its rustic lanterns, ovular brick ornamentation and other Moroccan village-themed touches.



On deck is the Miracle Mile Shops, whose physical manifestation of its branding will be official in spring 2007 with a ribbon cutting. And with the new brand will come more modern storefronts with lots of glass and straight design lines. The changes go beyond fitting in with the renovations going on at the adjacent Planet Hollywood Resort-Casino, said Russ Joyner, general manager of The Shops at Desert Passage.

"The idea is to put the shops first and the architecture second," Joyner said. "(With the Aladdin) it was the architecture first and everyone (shop owners) had to come in and fit into it."

Joyner makes his point with the current Bath and Body Works store in Desert Passage. He emphasizes the Aladdin-esque touches to the store and

how they force the shop out of its usual bright Bath and Body Works look.

"If you look at Bath and Body Works, they would not typically have that kind of look to their store," he said. "We want to let the individual store be the story. We don't want the store to take a back seat to the architecture."

As a result, stores like Bebe Sport, ABC, a convenience and souvenir store, Modern Watch and the Wild Pair have taken on their own looks. About 60 of the 170 stores have been remodeled to date. And while the north façade area of the Miracle Mile Shops, whose name was born out of the center having 1.5 miles of storefront, will take up most of 2007 to complete, most of the interior stores should be done in the first half of 2007.



The entrance to Modern at The Shops at Desert Passage.

Joiner adds that the approximately 45 days it takes to change over a store has been relatively hidden from shoppers and other retailers, but are noticed more when someone points out the contrasts between newer stores setting next to those still designed for the Aladdin.

"This is more of an adaptation, not a complete gutting of the facility," he emphasized.

Those entering the Miracle Mile Shops from the Strip will not only find it easier to get to the Planet Hollywood's casino and into the shops, with added people movers, will also not even see a hint of the facility's previous theme.

Shops located at the entrance to the center will include Polynesian-fusion restaurateur Trader Vic's, Urban Outfitters and Sephora, a beauty product store, all of which will add a greater curb appeal, said Joyner. An LED media board, 165 feet above ground will also be added, and likely be turned on by the holiday season. Floor-to-ceiling glass and vestibule doors will also be new features for the entrance.

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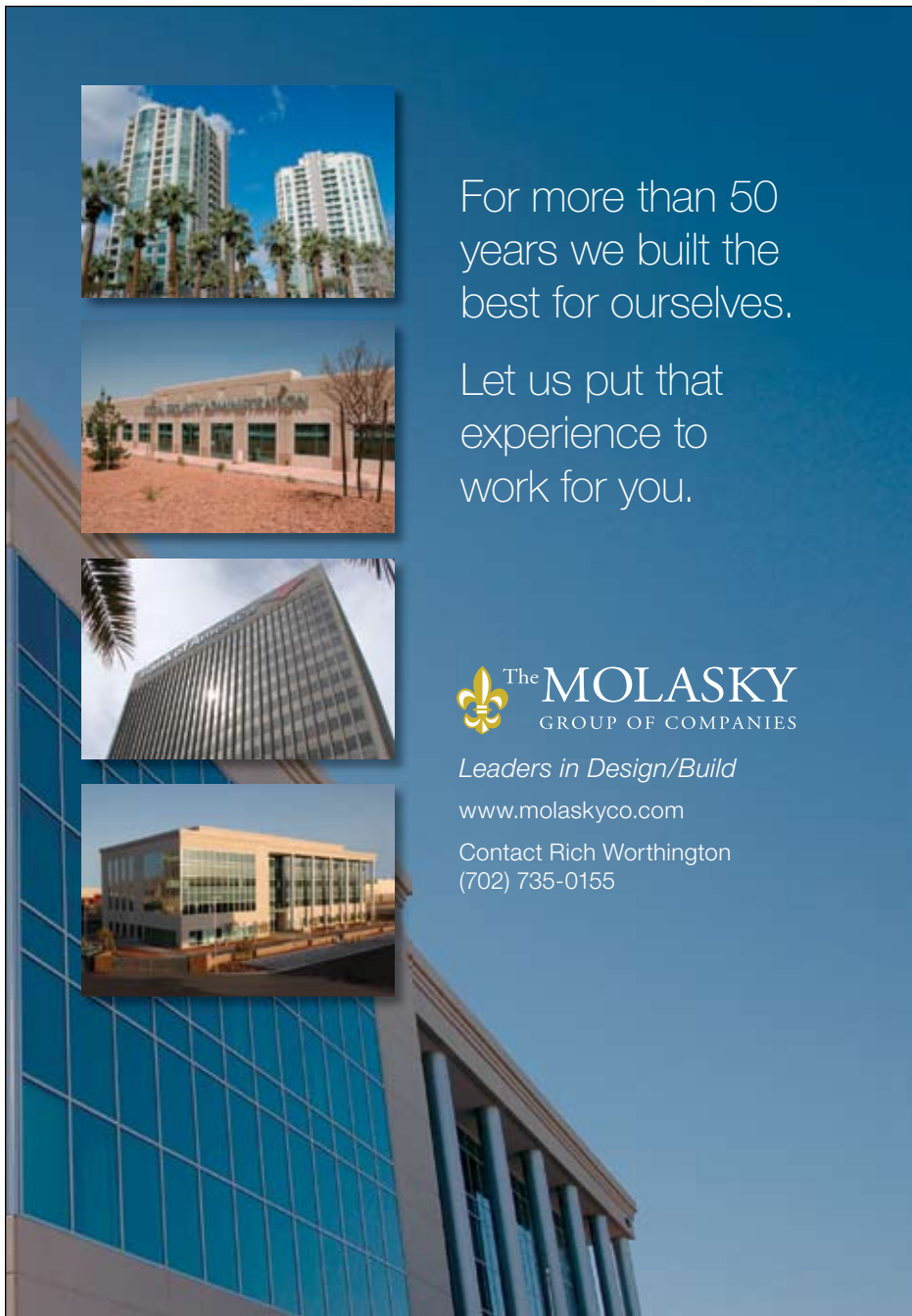
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Bebe Sport inside The Shops at Desert Passage.

Joyner added. “(With the new entrance) we want to be able to tell the Miracle Mile story to the public.”

With the changes on the outside, new retail faces are coming on the inside. Some of those names include: British menswear company, Ben Sherman, Quicksilver; women’s fashion outlet, Marciano; and Brazilian restaurant, Pampas Churrascaria. These names, along with existing tenants, reflect Miracle Mile’s desire to appeal to every market segment.

“We’re paying attention to our tenant mix. It’s not really only going to be a focus on luxury. We want to appeal to the masses,” Joyner said.

Also included in the interior will be what Joyner refers to as “pay-off points.” Areas like the existing rain-storm will stay in place. But Joyner adds that the group will try to “punch up the special effects” on it, while adding other entertainment and attractions along the 1.5 mile corridor to “give people a reason to stay.”

“When you get into the property, you really have to get far into it to get to some shops. Once people get into the center, we want to keep them there,” Joyner added. “These are various opportunities to make a point. We think it’s the right recipe.”

Joyner also said a goal is to raise the 475,000 square-foot center’s annual

sales to \$1,000 per square foot. Currently it is at the high \$600 level. He doesn’t foresee a problem with that, as, even with the remodeling, the center has remained within one percent of its 50,000 per day foot traffic figures.

“Come spring, this is going to be a new place,” he said. “But even though we’ve been going through the remodel, we haven’t seen a slip.”

Joyner admits that many people have been asking him what will be done with the old decorations, some offering to buy them outright from the company. While not giving any certain insight into what will actually happen with some of the Aladdin pieces, he added with a laugh: “I think we’re going to have a huge sale on eBay.” **cre**

“We’re paying attention to our tenant mix. It’s not really only going to be a focus on luxury. We want to appeal to the masses.”

Russ Joyner

General manager,
The Shops at Desert Passage



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A rendering of Carnegie Office Park, a Henderson project where tenants will be able to purchase their space.

Condos for businessmen

Henderson office project part of trend that allows tenants to buy

By **Alana Roberts**
Special Publications writer

Carnegie Office Park, a planned office/medical office building in Henderson, is part of a popular trend in Las Vegas Valley real estate that allows tenants to purchase their space.

The product is called office condos and is usually non-residential. In the case of Carnegie Office Park, tenants will have the option to either purchase or lease their space. The project is being developed by Las Vegas Medical Partners I LLC, which includes Ron McMenemy and John Schottenstein of NAI Horizon and Basil Raffa, of Premier Real Estate Advisory Group.

The office condo trend has grown in the Las Vegas Valley in recent years. It is fueled in part by a growing willingness of lenders to offer financing for smaller amounts of space. Previously, small business owners would need to purchase their own building and lease out the extra space or they'd have to lease their space.

Raffa said the office condo trend offers small business owners a variety of benefits related to owning their own office space.

"Years ago a doctor couldn't own his own space," he said. "Now they have financing like with a (residential) condo, and apply it to an office. It opens all kinds of opportunities."

Las Vegas Medical Partners and NAI Horizon are marketing Marine Bank, the project's own lender, as a potential

lender for buyers. However, buyers will have the option to obtain financing with a lender of their choice.

Bob Churan is vice president of commercial lending at the Scottsdale, Ariz. office of Marine Bank. He said small business owners benefit from the ability to purchase their own office space in a variety of ways.



Ron McMenemy

"For a lot of small business owners like dentists or doctors they can build equity," he said. "It's fairly inexpensive to get into an office condo situation. It happens a lot here in Phoenix as well as Las Vegas. A lot of commercial developers are looking to market their properties that way."

He said some banks have a strong interest in offering financing for ownership of small offices.

"Banks have a lot of interest in financing those deals," Churan said.

"Community banks have targeted small businesses. It's easier to establish a relationship with a small business than with a conglomerate. Banks have traditionally been interested in financing owner-occupied properties for businesses that want to build some equity. But, the concept of office condo ownership is a little newer. It's what the market is looking for. It's what the small business owner is demanding so banks have had to react to that."

The two-story, 51,000 square-foot project will be located at

Horizon Ridge Parkway and Carnegie Avenue in Henderson, within close proximity to the I-215. The project is also near St. Rose Dominican Hospitals-Siena Campus, which Raffa said should help position the property to attract medical professionals. He added that the dense residential development surrounding the project will also help make it successful.

"Horizon Ridge is a major thoroughfare anymore," Raffa said. "It's only a mile away to get to the hospital. You can be anywhere awful quick. They also have a huge residential base to draw (workers and clients) from."

A ceremonial groundbreaking for Carnegie Office Park was held late last month, but the real groundbreaking is expected to take place later this year, McMenemy said.

"We need to firm up pre-sales and pre-leasing," he said. "We're in the middle of that. We hope to pull a building permit by the end of year and we hope to break ground by the end of the year."

The project is situated on 4.5 acres of land that the group paid \$3.5 million for. He said the group expects to spend about \$12 million developing the project. NAI Horizon will handle the marketing, sales and leasing of space within Carnegie Office Park.

Once the units are sold or leased the property will be managed by a management company and will have an owners association, similar to a homeowners association. The office condo trend started in larger cities and has gradually made its way to cities like Las Vegas.

"Lenders here started getting into it, figuring out how everyone else did it," Raffa said.

Brian Gordon, principal at Applied Analysis, said the office condo boom is just now being felt as properties are starting to open, following about an 18-month period of development and construction.

Between the second quarters of 2005 and 2006, Las Vegas Valley office developers have completed about 4 million square feet of office space. Growth in available office space has been absorbed at healthy levels, with vacancy rates rising only slightly from 9.2 percent in the second quarter 2005 to 9.4 percent in the second quarter 2006, Gordon said.

"It's still a relatively healthy market that's been driven by a flood of office condominium developments," he said. "That's been a viable market for development in recent quarters."

McMenemy said the project is the first he and his partners have done together in Henderson.

"It was a good beginner project in Henderson," he said. "We'd like to do more." **cre**

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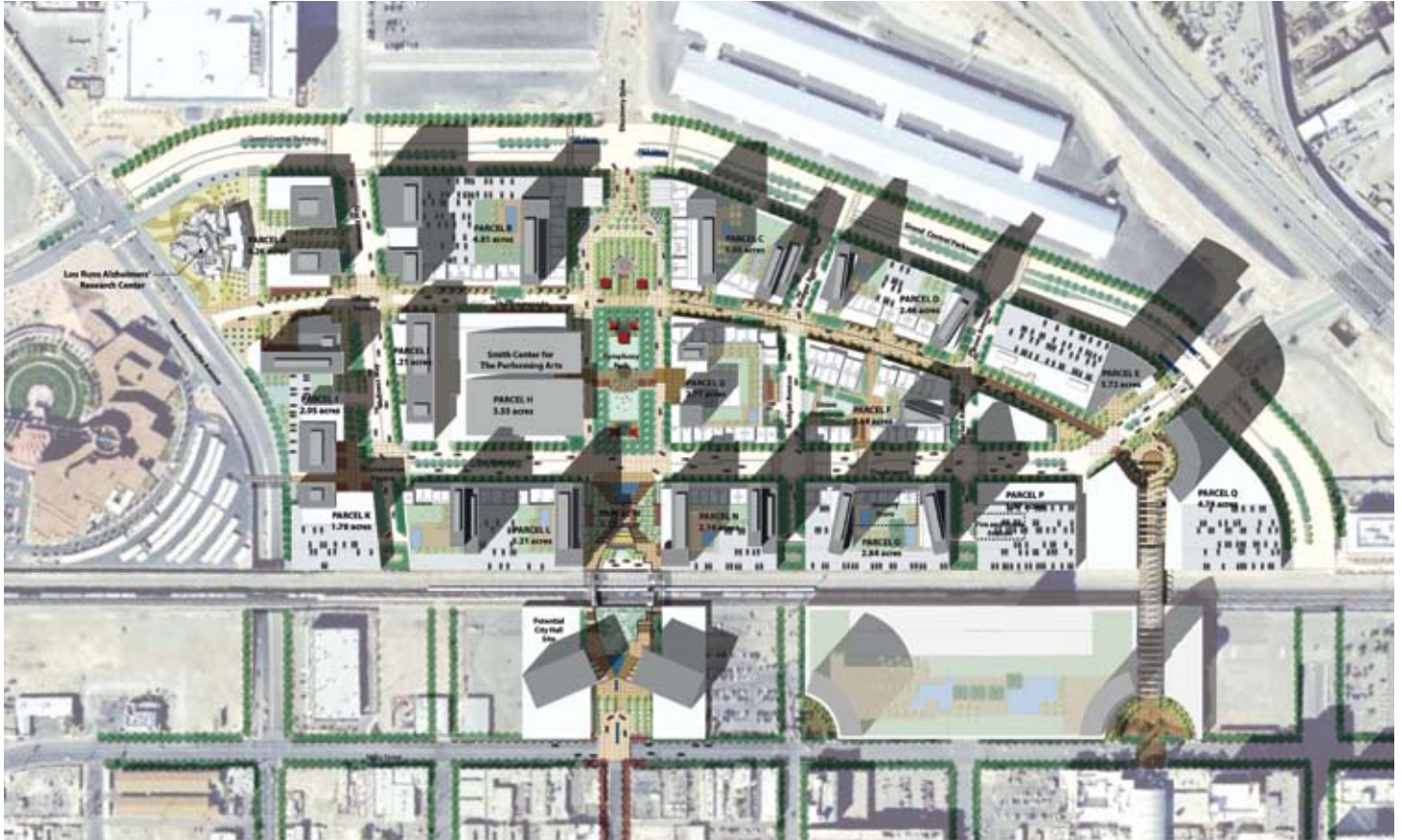


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A rendering shows an aerial view of the planned Union Park in downtown Las Vegas.

Union Park to be the jewel of downtown Las Vegas

By Alana Roberts
Special Publications writer

All eyes in the Las Vegas Valley are on San Diego-based Newland Communities, as the masterplanned community developer endeavors to turn 61 acres of empty Las Vegas land into a 'city within a city.'

The land has been called by several buzzwords, since city officials first began talking about a downtown revitalization effort that would include 9.5 million square feet of residential, office, retail, medical, casino, hospitality and civic space.

Such names include the project's current working title Union Park, which is expected to change, as well as "jewel of the desert," "a city within a city" and simply "the 61 acres." The land will be used to develop a mixed-use property that city leaders hope will attract locals to downtown and will create an alternative to much of the recent planned development on the Las Vegas Strip targeted at tourists and second-home buyers.

Rita Brandin, vice president and development director, mountain region for Newland Communities, said the project offers the city a chance to transform the land into a densely-populated urban center.

"It contemplates developing a city within a city," she said. "Our approach was to take an urban view to the development of the acreage. The density we proposed is pretty important. If you're going to have successful retail you have to have a certain amount of residential. To create a skyline is important when trying to create a city. A downtown urban core is very dense."

John Restrepo, principal of Restrepo Consulting Group, said Newland Communities is poised to provide the city what it is looking for.

"I think what the city has done very well is get a very experienced masterplan developer," he said. "As I look at the Union Park masterplan it seems like it's very well-integrated. The mix in density of uses seem to work well with each other. It's being done in a very methodical way. The nature of



Rita Brandin

the project, if it does well, is going to change the complexion of downtown by getting residential downtown. That's a major deal in getting bodies downtown. The probability of the other parts being successful is greatly enhanced by a successful residential component."

The project represents a major public-private initiative to redevelop downtown, Brandin said. Newland Communities, which was retained by the city in December, is acting as the city's development manager and is handling the masterplanning and sale of the land to a multitude of developers. The company will be compensated by receiving a fee from the city for each parcel that is sold to a developer.

"We're the development arm working in conjunction with the city's office of business development," she said. "The city will be responsible for providing the infrastructure, but it will be a private development once the property is sold."

The estimated value of the project is expected reach between \$3 and \$5 billion. Completion of the project is set for 2012. Plans for Union Park include 440,000 square feet of retail, 2.1 million square feet of office and medical space, 4.5 million square feet of residential space made up of 3,600 residential units and 1.5 million square feet of hotel space with 1,750 rooms in three potential properties.

The project, which will be built on an old railroad yard bordered on the east by Union Pacific railroad tracks, will be surrounded by several other major developments including the World Market Center, the Las Vegas Premium

Outlets and the Clark County Government Center.

Newland Communities was ultimately chosen over The Related Cos., which previously was in negotiations to handle the project. Newland was chosen because of its expertise in masterplanning residential projects and its willingness to expedite residential development.

"Newland has some reputable people who have proven track records," said Las Vegas Councilman Lawrence Weekly, whose Ward 5 will house Union Park. "It creates the live, work and play environment. With the growth of Las Vegas people want to be closer to where they do business and where they work. What happens

is you have residential there, those are the folks that are going to be there accessing those goods and services outside their door. Those are the guaranteed clients."

The city recently approved a revised agreement with Newland Communities that allows the company to purchase 14.7 acres of land for its own residential development. In May the city approved Newland's masterplan for the property. The most recent masterplan doesn't include a professional sports stadium; an idea previously kicked around by city leaders, but has now been shelved.

The project is now moving forward with phase one, which includes obtaining commitments from developers. Phase two, which will span 2007 to 2009, will focus on building residential and retail aspects, in phase three, also from 2007 to 2009, the project's work will focus on land disposition activity and during the fourth phase, set for 2009 to 2012, the company plans to complete the project.

So far two anchor tenants, the Lou Ruvo Alzheimer's Institute and the Smith Center for the Performing Arts have been secured. The groundbreaking for the Lou Ruvo Alzheimer's Institute is set to take place later this year or early next year with an estimated completion set for late 2008, while the Smith Center for the Performing Arts is set to begin its groundbreaking in 2008,

"Union Park is going to contribute... It's going to create new employment and career opportunities."

Lawrence Weekly

Las Vegas Councilman

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Anchor tenants for Union Park, above, include the Lou Ruvo Alzheimer's Institute and the Smith Center for the Performing Arts.

with an estimated completion set for 2010.

The project will be divided into five districts organized into a series of urban blocks. Those districts include the civic district, anchored by

the Smith Center for the Performing Arts; the specialty district, made up of hospitality, specialty retail, hotel and entertainment offerings, which could include a gaming element and will link to the Fremont Street Experience; the

residential district, which will include a mix of low and high-rise housing, along with street-level brownstones, walk-ups and mid-rise with retail; the retail district, which will include retail and restaurant offerings and specialty retail centers and the medical/office district, which will be anchored by the Lou Ruvo Alzheimer's Institute.

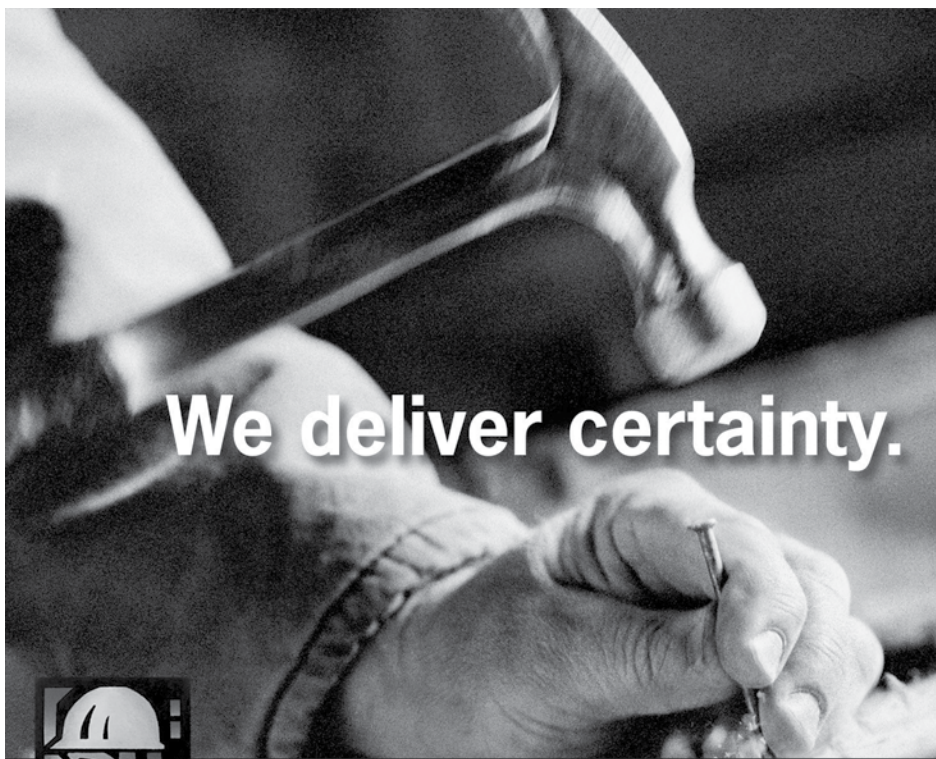
Currently, Newland Communities is meeting with various developers to secure deals for the site and is conducting focus groups with local and Southern California residents to determine their interest in the project, Brandin said.

Recent activity at the site includes work on Discovery Drive, a road that will extend from Martin Luther King Boulevard and lead to the property.

Also, the city recently approved a 12-month negotiating agreement with a California developer. The proposed deal would allow the city to sell 5.4 acres of the Union Park land for about \$1.74 million an acre to build a high-rise building dedicated to the jewelry industry.

Weekly said the city is satisfied with the progress on the project and eagerly anticipates the potential Union Park represents.

"Union Park is going to contribute to Ward 5 not only that economic spurt, it's going to create a new skyline for downtown Las Vegas," he said. "It's going to create new employment and career opportunities. I never thought downtown was dead. I may have thought it was on life support, but I never thought it was dead. This is going to get it back on its feet. It's going to be like the Six Million Dollar Man." **cre**



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