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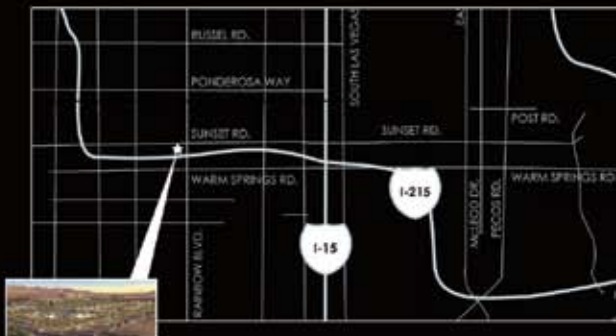
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A surreal image featuring a young boy in a formal suit and a surveyor in a hard hat and vest, both standing in a desert landscape. The surveyor is holding a theodolite on a tripod. The sky is filled with dramatic, colorful clouds.

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PUBLISHER

Bruce Spotleson bruce@gmgvegas.com

EXECUTIVE ASSISTANT Terry Martin (990-2443)

EDITORIAL

SPECIAL PUBLICATIONS EDITOR Rob Langrell

STAFF WRITER Alana Roberts

CONTRIBUTING WRITERS Lisa McQuerrey
Deborah Roush

CREATIVE

EDITORIAL DESIGNERS Adam Bucci
Bradley Samuels

ADVERTISING CREATIVE DIRECTOR Thomas Jackman

ADVERTISING

SALES MANAGER Debbie Donaldson (990-2457)

ACCOUNT EXECUTIVES Allen Grant (990-8991)

Kelly Behrens-Keidel (990-8969)

Bessy Lee (990-8948)

Carol Skerlich (990-2503)

ACCOUNT COORDINATOR Sue Sran (990-8911)

PRODUCTION

PRODUCTION DIRECTOR Steven R. Wilson

PRODUCTION MANAGER Blue Uyeda

PRODUCTION ASSISTANT Marissa Gable

Cindy Johnson

TRAFFIC COORDINATOR Janine Hughes

SYSTEMS MANAGER Nick Scheib

CIRCULATION

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(990-8994)

CLIENT RELATIONS MGR. Rhona Cameron (461-6434)

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From the editor ...

Dear readers,

With the largest gathering of shopping center professionals in the world converging on our city this week, there's no better time to turn our attention to the local retail market. If you're looking for one word to sum up the retail industry in the Las Vegas Valley, try flourishing.

The annual ICSC (International Council of Shopping Centers) convention will attract nearly 45,000 people for the May 21-24 event. There will be plenty of deal making, networking, strategy talk and discussion about the past, present and future of projects worldwide. Some of the success stories come from our very city.



Shopping locales such as the Fashion Show Mall and the Forum Shops rank among the world's most successful properties. But it isn't just the shopping malls on the famous Las Vegas Strip that appeal to the nearly 1.5 million residents in the Valley. The burgeoning Northwest area has several new centers in the works. Henderson

residents have seen The District make its mark on the community as a mixed-use project, and phase two is already in full swing. Mentioning those projects is just scratching the surface in the local retail industry.

In this publication, we invited several of the top local retail experts to write guest columns. Dubbed "Realty Check," you'll find some great information from the people who know the local retail market. Additionally, you'll find other stories about new projects planned for the Valley.

Enjoy getting up to speed and learning about the future of the retail market in Las Vegas. We have some of the world's greatest shopping centers right here in our back yard — with several more on the way. Join the people worldwide who already know it's a great place to shop.

Rob Langrell

Special Publications Editor
rob.langrell@gmgvegas.com
(702) 990-2490



Southern Nevada Commercial Real Estate Guide

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A word from our sponsors...

Dear In Business Las Vegas readers,

A warm welcome goes out to all of the ICSC participants and members. Commercial real estate investors continue to be lured to Las Vegas, which has remained a strong performer. Las Vegas outperformed most of the nation in employment gains in 2005 and further increases are expected in 2006. The local tourism and hospitality industries remain strong, positioning the investment



market for continued growth. While the Strip remains the economic heart of the area, small to mid-size retail investors will find great opportunities outside of the area. With demand ready to exceed supply in the near term, retail owners will enjoy greater leverage, and continued population growth bodes well for multi-family property investors as well.

Population and median income increases continue to push retail sales growth at a stunning pace, driving absorption well ahead of completions. Developers will not begin to keep pace with demand until 2007, when a wave of new developments will start to come online. Meanwhile, investors are buying into Las Vegas retail properties as they become available, driving prices and dollar volume higher throughout the MSA.

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estate firm focused exclusively on investments, Marcus & Millichap facilitates more transactions annually than any other firm. By combining superior local market expertise, an extensive network of relationships with buyers and sellers, and the industry's most powerful marketing platform, our Las Vegas investment specialists help investors to access investment properties and capital sources locally, regionally and nationally.

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Now is the perfect time to explore new investment options or reposition your current property portfolio. Contact us to receive the latest market research reports or for a confidential, no-obligation analysis of your property.

Christopher E. LoBello
Regional Manager
Marcus & Millichap Real Estate
Investment Brokerage Company

Dear In Business Las Vegas readers,

Snell & Wilmer is proud to welcome the International Council of Shopping Centers' annual convention to Las Vegas. We encourage the ICSC attendees to experience our growing and diverse community.



The real estate industry has been a primary catalyst for our national economy. This is no more readily apparent than in our host city, Las Vegas, one of the fastest growing cities in the United States. Las Vegas' real estate industry is booming and continues to excel in the size and scope of its varied real estate developments.

Snell & Wilmer has earned a reputation for distinguished service by offering clients what they value — exceptional legal skills, quick response and practical solutions with the highest level

of professional integrity. Snell & Wilmer provides a variety of full-service transactional and litigation legal services for businesses in Las Vegas and throughout the West. We serve clients in key Nevada industries, including real estate, gaming, financial institutions, contractors, retail businesses, professional services providers and public utilities.

Snell & Wilmer has grown to become one of the largest full-service law firms in the western United States, with more than 400 attorneys in six offices located throughout the region. Since being established in 1938 the firm's diverse client base of Fortune 500 companies, small businesses, emerging organizations, individuals and entrepreneurs has increased to more than 10,000.

Jim Mace
Partner, Real Estate
Snell & Wilmer L.L.P.
Las Vegas Office



Realty Check:
Meet the experts



Kit Graski
Senior Vice President
Voit Commercial
Brokerage

Kit is one of the top-producing retail brokers in the Las Vegas commercial real estate market and nationwide. Last year, Kit completed retail transactions totaling more than \$106 million. At Voit, he is the head of The Graski Retail Group, a four-member team with more than 33 years of commercial real estate experience.



Nick Hannon
Senior Vice President
Montecito Companies

Nick has more than 30 years of national commercial real estate experience. His experience includes development, acquisitions, asset management and brokerage. He has held senior positions with various entities including Mass Mutual, American Income Properties (REIT) (NYSE), Mutual of New York and Consolidated Capital.



Zack Hussain
Associate
CB Richard Ellis

Zack joined CB Richard Ellis' Las Vegas office in 2003. His core focus is in retail tenant and landlord representation. Before joining CB Richard Ellis, Zack spent several years in the telecommunications industry with AT&T, consulting Fortune 1000 companies on implementing, expanding and improving their global networks.



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. He has 24 years of urban and real estate economics experience.



Jim Stuart
Co-Founder and Partner
Centra Properties

Jim and his partner Kenny Sullivan founded Centra Properties in 2001. Centra is a Las Vegas-based real estate development firm with expertise in regional retail centers, mixed-use commercial/residential projects and master-planned business and industrial parks.

Retail vacancies remain low, but developers capture growing market

With a strong economy and a growing population, the Las Vegas Valley has what retailers are looking for — a flourishing demand for goods and services. According to the State of Nevada, Clark County saw a healthy population increase of 5.9 percent, from 1.7 million persons in 2004 to 1.8 million in 2005. The Clark County labor force also continued to expand, increasing by 7 percent in 2005, blasting past the nation's job growth of 1.8 percent. Of the 39,100 jobs created in Clark County in 2005, nearly 3,000 were in retail-oriented sectors. Median household income rose moderately to \$47,741, a slight increase from 2004's \$47,097, and retail developers continued to position themselves to capture a share of this dynamic growth.



John Restrepo

Restrepo
Consulting Group

higher than the Valley's average of \$47,741 (see Figure 2). Although relatively young, higher-than-average median incomes and rapid population growth are making the Southwest one of the leading retail submarkets in the Valley.

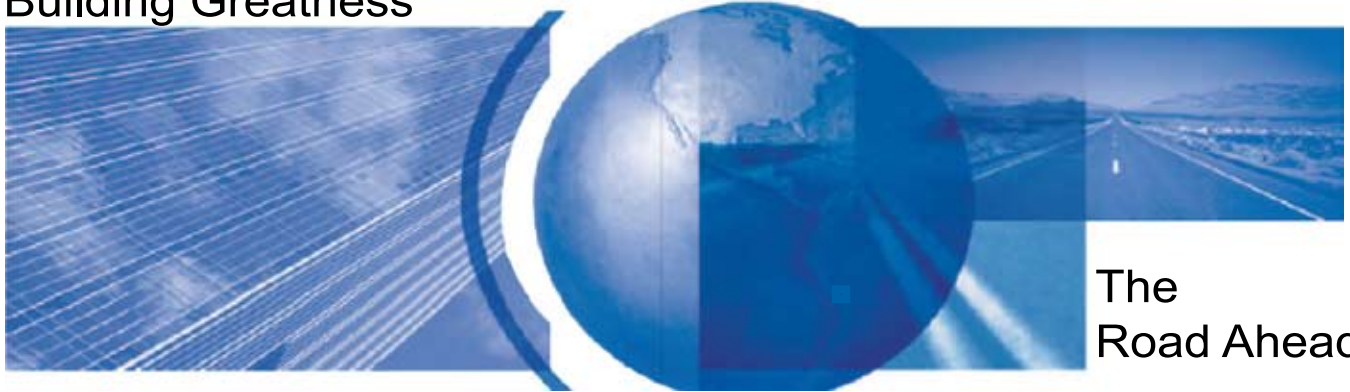
The burgeoning Southwest Valley

The Valley's primary speculative anchored retail markets in 2005 were the Northwest, Henderson, the West Central and the Southwest (see Figure 1). In particular, the Southwest saw explosive growth during the past five years, with its population increasing by 69 percent from 71,000 to 120,000. Notably, the Southwest also had one of the highest estimated annual median household incomes in the Valley in 2005 at \$55,856, 17 percent

Retail vacancy at three-year low

According to data collected and analyzed by Restrepo Consulting Group LLC and Colliers International, the Valley closed 2005 with an anchored retail inventory of more than 35.4 million square feet ("sf") in 226 anchored retail centers. Just more than 1 million sf was vacant at the end of the year, resulting in a historically low vacancy of 3 percent, a 41 percent drop from the 5.1 percent recorded at the end of 2004. At the end

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of '05, the Southwest vacancy rate was even lower than the Valley average at 2.3 percent (see Figure 3).

The Valley's Neighborhood Centers (usually anchored by supermarkets and providing convenience shopping for day-to-day needs) contained 12.8 million square feet or 36 percent of the Valley's inventory and had the highest vacancy at 4 percent. Power Centers (dominated by several large anchors) comprised 7.7 million square feet or 22 percent of the inventory and had the lowest vacancy at 2.1 percent. The Valley's most dramatic vacancy decline in 2005 was in the largest sector, Community Centers (generally anchored by supermarkets and discount department stores selling apparel, home improvement/furnishings, toys, electronics or sporting goods). These centers comprised 14.9 million square feet or 42 percent of the Valley's total anchored retail space and experienced a 4.5-point drop in vacancy in 2005 to 2.6 percent from 7.1 percent in Q4, 2004.

The Southwest had 16 retail centers at the end 2005 containing just more than 3.3 million square feet or 9.3 percent of the Valley anchored retail inventory. Neighborhood Centers with more than 1.2 million square feet or 38 percent of the Southwest's retail space had the highest vacancy at 5.9 percent. Community Centers with 2 million square feet or 62 percent of the inventory had the lowest vacancy at an unheard of .2 percent, meaning that only 3,100 square feet were vacant at the end of the year. There were no Power Centers in the Southwest at the end of 2005.

Growing demand

The declining vacancy rates witnessed in the Valley's anchored retail market in 2005 were indicative of high retail space demand in an increasingly supply-constrained market. Annual net absorption (the change in occupied space between two time periods and factoring in space vacated) totaled 1.43 million sf, a 24 percent increase from the 1.15 million sf recorded in 2004.

In 2005, the Southwest, with 265,676

sf of absorption, accounted for 18.6 percent of the Valley's demand. This was 100,000 sf below the 365,400 sf of demand generated in this area in 2004 (see Figure 5). This decline was due to a critical lack of new space needed to accommodate the rapid population growth in the area. Most of the demand experienced in the Southwest in 2005 was in Community Centers at 163,000 sf, followed by Neighborhood Centers at 103,000 sf.

Supply needed

Despite high land and rising construction costs, developers strived to fill the need for anchored retail product in a market with very little space. A total of 733,600 sf of retail space was

Centers were completed. This resulted in a direct absorption-to-completion ratio of 1.94:1, meaning that there were 1.94 sf of demand for each square foot of supply built during the year. Another way of looking at it is that the Valley's anchored retail market only grew by just more than 2 percent (35.4 million sf in 2005 from 34.6 million sf in 2004), while demand grew by 24 percent (1.43 million sf from 1.15 million sf) between 2004 and 2005.

The Southwest saw only 114,000 sf of anchored retail space completed in 2005 (see Figure 5), all of it in Neighborhood Centers. The result was a direct absorption-to-completion ratio of 2.32:1, 19 percent higher than the Valley average of 1.95:1. As discussed previously, this clearly explains the incredibly low vacancy rate and level of unmet demand at the end of '05 in the Southwest.

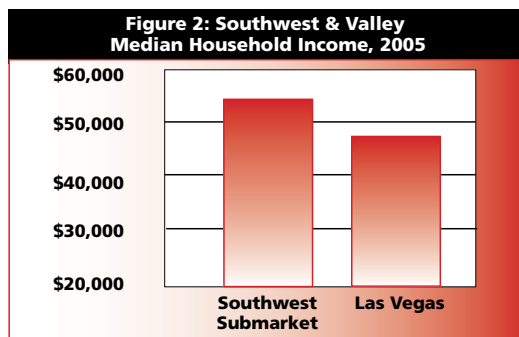
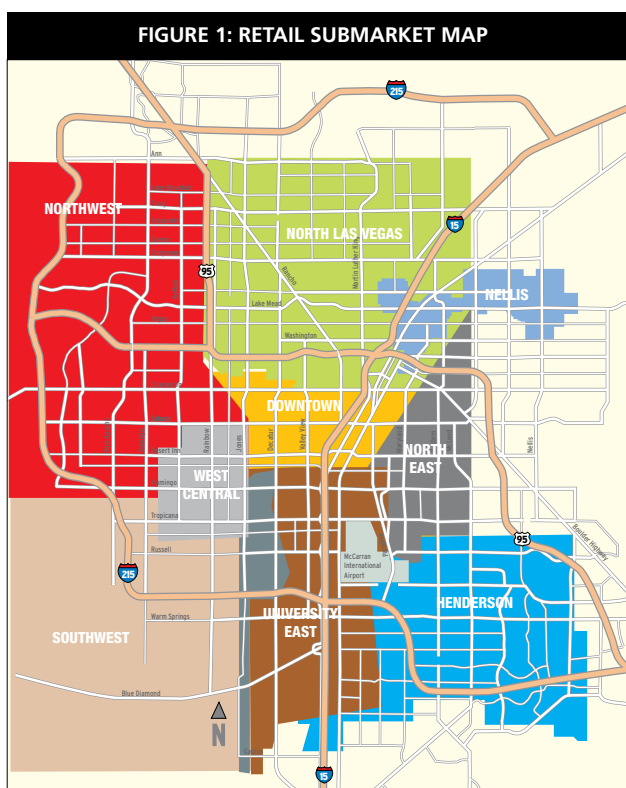
Flat rents impede development

The Valley's average monthly retail rent decreased to \$1.61 per-square-foot NNN ("psf") at the end of 2005 (see Figure 6) from \$1.66 at the end of 2004. The rents recorded by RCG and Colliers are based on information reported by owners and brokers at the time of firms' quarterly surveys. The Southwest saw a \$.46 drop in the average rent between 2005 (\$1.56) and 2004 (\$2.02). These decreases were clearly a function of the quality of the remaining available space at the end of 2005, rather than a softening in market demand. At these extremely low vacancies, most of the desirable space in the Valley

and the Southwest had already been absorbed by the end of the year.

Finally, retail rent increases in the Valley since Q1, 2001 have been modest. In fact, after adjusting for inflation, the Valley's average rent at the end of 2005 was below the Q1, 2001 average. With rents not keeping up with costs and developers' yield requirements being increasingly difficult to achieve, the market became supply-constrained, because fewer projects were built.

According to the U.S. Department of Labor, the consumer price index for western urban regions rose by 12.3 per-



All graphics courtesy of Restrepo Consulting Group and Colliers International

completed in the Valley in 2005 (see Figure 4), divided between Neighborhood Centers (615,800 sf) and Community Centers (117,850 sf). No new Power



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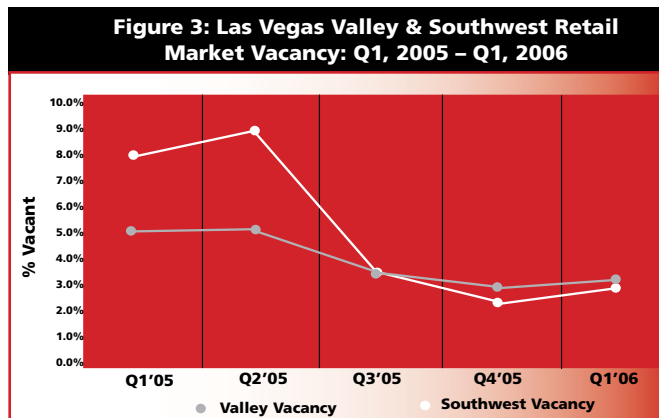
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cent between 2001 and 2005. Adjusting the year-end 2005 average rent for inflation resulting in the \$1.61 noted above to drop to \$1.44 psf — the asking rent at the beginning of 2001 was \$1.47

Q1 at only 44,250 sf, compared to the 425,500 sf absorbed in the last quarter of 2005. The Southwest saw a minus 6,112 square feet of absorption, because of the lack of supply.

Valley Neighborhood Centers had the highest average vacancy at 4.2 percent, while Power Centers had the lowest at 1.4 percent in Q1. Community Centers came in at 2.5 percent.

In the Southwest, Community Centers saw the ultra-low vacancy of .1 percent, with only 1,500 sf being vacant. This was



psf. This means that real rents actually decreased during this period. At the end of 2005, the Southwest recorded an inflation-adjusted rate of \$1.39, dramatically down from Q1, 2001's \$1.70.

Clearly, the Valley's retail market is slated to see substantial changes as it moves through 2006 and beyond. At least for the foreseeable future, the days of relatively inexpensive retail rents are coming to an end as the Valley's retail developers move to respond to a severely supply-constrained market.

2006 and beyond

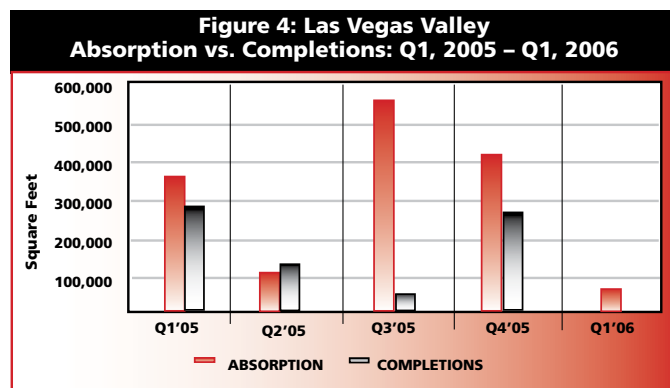
The retail market kicked off 2006 with a modest start. The Valley's retail vacancy in the 1st quarter of 2006 dropped slightly to 2.9 percent (1,011,359 vacant sf) from 3 percent in the prior quarter. The Southwest recorded a vacancy rate of 2.5 percent compared to 2.3 percent the 4th quarter. The slight drop in the Valley is the result of no new space being added to the retail inventory during the quarter — the Valley's inventory remained at 35.4

million sf. With just more than 1 million sf of space available in Q1, there was limited room to move or expand in the Valley's anchored retail market.

Additionally, anchored retail net absorption in the Valley was minimal in

way below the Valley's average of 2.5 percent for these centers. This was not the case with Neighborhood Centers, which saw a vacancy rate of 6.5 percent, compared to the Valley average of 4.2 percent. Incidentally, the only anchored retail supply added in the Southwest in 2005 (114,000 sf) was in Neighborhood Centers. No anchored completions occurred in the Valley during Q1.

Overall, the Valley's monthly average retail asking rent decreased in Q1, 2006 to \$1.54 psf, a \$0.07 decline from Q4, 2005, because of the ongoing lack of adequate supply. Again, after adjusting for inflation, the \$1.54 psf equaled \$1.36 psf, \$.11 below the reported 1st quarter 2001 average. In terms of shopping center products, Community Centers had



the highest asking unadjusted rent at \$1.70 psf, while Neighborhood Centers had the lowest at \$1.43 psf at the end of the 1st quarter of 2006.

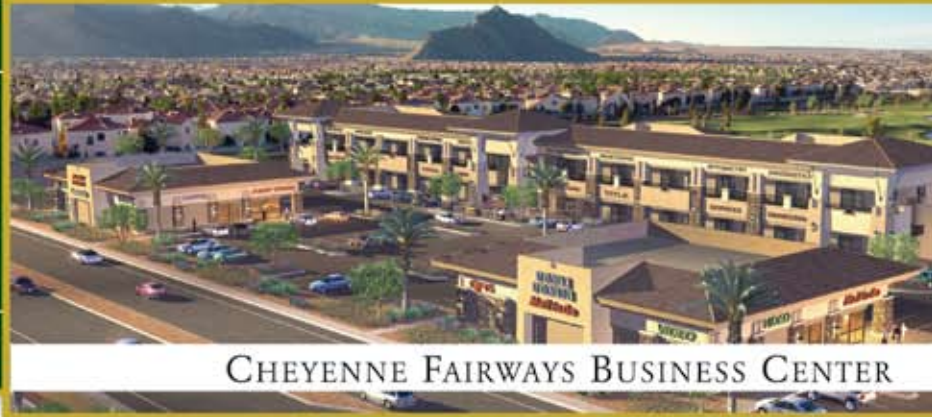
In the Southwest, the average rent at the end of Q1 was \$1.70, with highest

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\$93,000 Average Household Income – 1 Mile Radius



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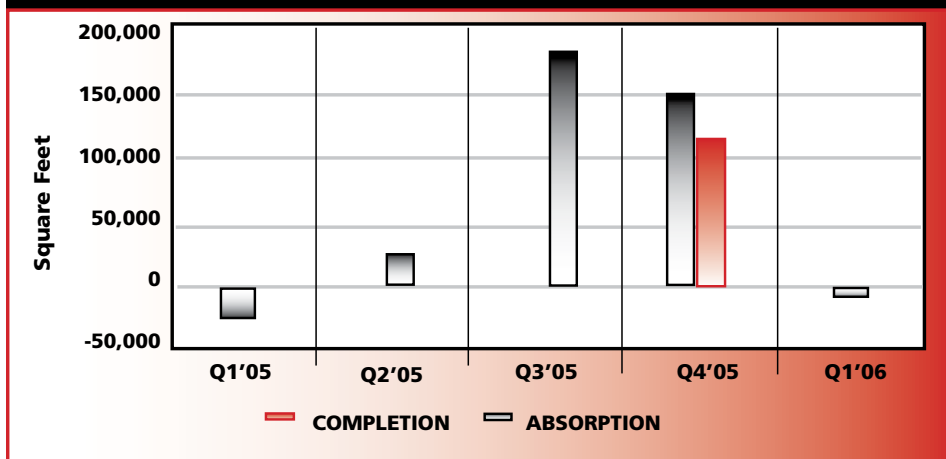
68,000 Households – 3 Mile Radius

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**Figure 5: Southwest Absorption vs. Completions:
Q1, 2005 – Q1, 2006**

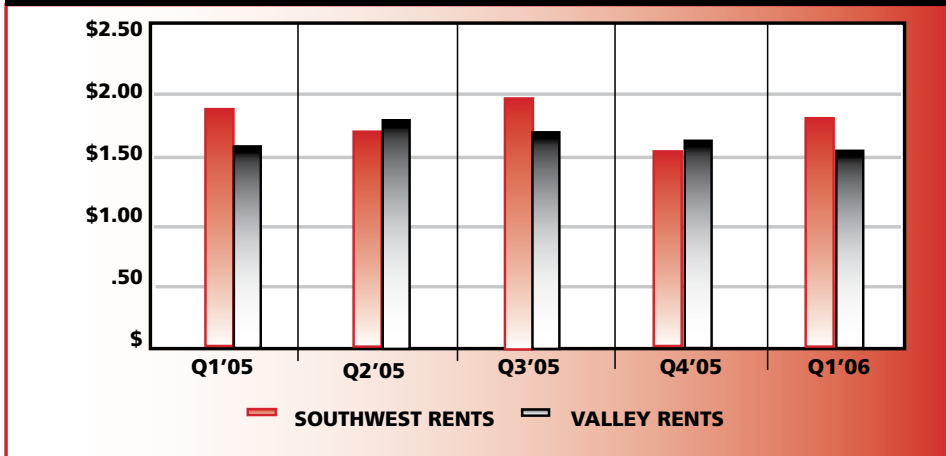


demands. A highly unlikely event, because not all of the 2.3 million sf of planned space will be built. While this is an amount would be worrisome under normal (10 percent vacancy) market conditions, it is not as much of a concern because of the Southwest's extremely low vacancy of 2.5 percent. We strongly believe that absorption will rebound in the Southwest as supply becomes available and the market moves toward a more sustainable vacancy rate. Accordingly, it is our opinion that this period will be reduced substantially.

The Southwest has several important attributes that make it desirable for retail development — are a rapidly growing population in a variety of residential communities, above average incomes, excellent freeway access with good visibility from the I-15 and the 215 and very low retail vacancies. As result, a popular new form of retail development that is often constructed near affluent neighborhoods, the “lifestyle center,” will come to the Southwest sooner rather than later. We anticipate that the Southwest will see lifestyle center interest by developers by the end of 2007 or early-2008. While lifestyle centers are likely to represent one of the new waves in retail development in the Valley, essential requirements such as grocery shopping, banking and other basic needs are still likely to be fulfilled by traditional anchored centers.

With all this being said, at the of the day, the future of retail development in the Southwest as well as the rest of the Valley will depend on developers being able to provide the space needed to meet the demands of our rapidly growing population. This is especially true for future retail centers whose development is based on today's land prices, not those of a couple of years ago. Unless rents can be increased sufficiently to provide developers the returns they need to account for the risk they are taking, we will continue to see a market that is driven more by supply constraints than a lack of demand for goods and services. So the interplay of developers' return requirements and the willingness of tenants to pay potentially much higher rents than they have been used to will be critical features of the Valley's retail market for the next two to three years.

**Figure 6: Las Vegas Valley & Southwest Retail Market
Unadjusted Rents: Q1, 2005 – Q1, 2006**



rent also in Community Centers at \$2.25 psf, unadjusted. The rent in the Southwest's Neighborhood Centers averaged \$1.69 at the end of the 1st quarter.

The most important trend in the Southwest is the amount of potential “forward supply” — space that is under construction or planned to come on-line in the next 12 months. This volume of potential space will help cool our superheated retail market.

Although the Valley's retail sector saw only modest completions in 2005, compared to 2004's 1.5 million sf, today's known forward supply will be bear watching in 2006 and 2007. At the end of 2005, this supply stood at nearly 5.7 million sf, of which 1.3 million sf was under construction, with the remaining 4.4 million sf in the planning stages. This forward supply represented 6 percent of the Valley's total retail inventory.

If you were to divide the Valley's forward supply plus the 1 million sf (a total of 6.7 million sf) of vacant space in existing retail centers at the end of 2005 by the 358,000 sf of average quarterly absorption recorded last year, the result would be a nearly 5-year supply of prospective anchored retail space to meet the needs of our growing population. While not all of this space is likely to be built, the data does indicate that developers are responding to the needs of the market.

The story in the Southwest is potentially much different. Dividing its year-end 2005 forward and existing vacant supply of 2.4 million sf by the 66,400 sf of average quarterly absorption experienced last year, results in a calculated nine years worth of potential anchored retail space coming on line to accommodate the area's growing consumer

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A new downtown set to emerge



Most Las Vegasans would agree that there is no shortage of things to do in this captivating city where we live, work and raise families.



Jim Stuart

Centra
Properties

Home to some of the largest hotels in the world, celebrity chefs from across the country and hit musicals fresh off Broadway, it's no wonder why Las Vegas draws nearly 40 million visitors a year. Still, ask most residents if there is something missing and you

might hear the word "community" comes up time and time again.

Enter Town Square

Slated to open in mid-2007, the 1.5 million square-foot Town Square will create the kind of central gathering place that residents have hungered for and retailers have been craving in Las Vegas.

Set to become a "city within a city," Town Square will feature 150 retail shops, more than 12 restaurants, approximately 200,000 square feet of Class "A" office space, a children's entertainment destination, an outdoor concert venue and the largest multiplex cinema in the state.

Some might say it sounds like another Las Vegas mega-resort. The one caveat, however, is that there is no planned casino at Town Square.

Centra Properties and Turnberry Associates, co-developers of Town Square, are taking one of the biggest real estate gambles in Las Vegas and ironically enough it has nothing (and everything) to do with casinos.

The History

Directly following the acquisition of the 117-acre parcel of real estate located at the junction of I-15 and the 215 Beltway back in 2002, Centra and Turnberry had some major decisions to make. Should they follow the infallible Las Vegas casino-hotel formula or take the lead and create a visionary concept that would turn traditional retail on its head? They chose the latter.

Understanding Las Vegas residents' reluctance to visit The Strip with their families, coupled with the city's inherent lack of "community," Centra and Turnberry decided to use this prime piece of real estate to focus on residents, rather than tourists — an unusual turn from anything ever developed along Las Vegas Boulevard.

The developers traveled around the country, exploring some of the most innovative and successful large-scale mixed-use concepts, including The Grove in Los Angeles,

what worked and why, Centra and Turnberry realized exactly what Las Vegas needed — and the vision of Town Square was born.

With its centralized location between Summerlin and Green Valley, Town Square is designed specifically to become a haven for local residents looking for a true community, Main Street-style experience. A destination where parents can take their children on a Saturday afternoon, where adults can meet for dinner and go to a movie, or simply a place to take a leisurely stroll while window shopping. All the while, there won't be a slot machine in sight.

Of course, with its proximity to Las Vegas' mega-resorts, as well as one of the busiest airports in America, Town Square will certainly become a premier retail destination for tourists too. Plus, Town Square will be the first major development that visitors from Southern California encounter as they drive into Las Vegas on I-15.

As those drivers can already see, Town Square is in full vertical mode. After a year of grading and underground pipe and electrical work at the massive 117-acre site, steel is now being erected.

General contractor Marnell Corrao Associates is in full gear with the construction of Town Square and the project's first phase of buildings are quickly beginning to take shape along Las Vegas Boulevard.

Retail renaissance

When developers lay out plans for a traditional retail center, architecture is often an afterthought. In the case of Town Square, architecture was the driving force.

Centra and Turnberry's vision for Town



Town Square will cover 117 acres near I-15 and I-215.

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A look at various aspects and design features of Town Square, which is being co-developed by Centra Properties and Turnberry Associates.

Square is centered around an open-air, pedestrian-friendly environment that transports visitors to another place and time, as they stroll through the sidewalks and take in the dramatic elevations and impressive surroundings.

Each building within Town Square is designed to represent a different era, anywhere from the 1930s to more contemporary structures, thus creating a series of distinct neighborhoods and timeless experiences.

Taking the neighborhood concept one step farther, the 150 shops within Town Square will be clustered together in a strategic way, both physically and demographically. For example, other, smaller furniture stores will surround the two-level 100,000-square-foot Robb & Stucky furniture store; and specialty food shops will be located in the vicinity of the 50,000-square-foot gourmet grocery market (set to be announced later this month).

This formula not only makes sense for retailers by cross-pollinating customers, but it also provides a type of atmosphere not found in other Las Vegas retail centers. This design encourages a village-within-a-village environment, providing customers with a unique experience each time they return.

Besides its imaginative layout, Town Square will also pay acute attention to architectural accoutrements. Development Design Group out of Baltimore and Las Vegas-based Marnell Architecture are the architects behind this innovative approach to Town Square. Alan Mayer, who worked on the development of The Grove among other high-profile projects, is also a consulting architect on Town Square.

Inspired by a variety of store and building fronts from cities coast to coast, the architects designed an authentic range of facades for Town Square, using a variety of materials including stone, stucco, brick, tile and glass.

The facades feature distinct eye-catch-

ing details that accentuate each building's theme including iron trellises, metal accents, patina roofing, colorful tile patterns and balconies.

As is the case in most well-established and historical communities, landscaping is also an important element to set the tone and ambiance, by complementing and highlighting the surrounding architecture.

With a visionary approach by landscape architects, Lifescapes International Inc., the concept of Town Square went from being an outdoor retail center to a true downtown with sense of history and purpose.

Setting up shop

The developers began leasing Town Square in 2004, almost a year before first breaking ground. With more than 1.5 million square feet of retail space available, retailers clamored for prime locations within Town Square and anchor stores were signed within months.

A wide variety of tenants will call Town Square home including the 20-screen, two-story RAVE MotionPictures, the 50,000-square-foot 24-Hour Fitness and the 100,000-square-foot Robb & Stucky, in addition to a Borders anchor store. The existing 175,000-square-foot Fry's Electronics megastore is also part of Town Square and will be incorporated into the project's theme and design.

Additional shops set to open within Town Square include Lucky Brand, Kenneth Cole, Design within Reach, Chico's, Abercrombie & Fitch, Soma, Victoria's Secret, J. Crew, White House/Black Market, Crabtree & Evelyn, Baby Style, Sigrid Olsen, Fossil, Express, Replay, Solstice, Coldstone Creamery, Bath & Body Works, Skechers, Cache, Hollister, Limited Too, Mexx, Elisabeth and many others still under contract.

Restaurants will include Tommy Bahama's Tropical Café, Yardhouse and Texas de Brazil, all of which will make their Las Vegas debut at Town Square. Well-known

restaurants including Sapporo, Brio and Claim Jumper will also open venues within the retail development.

Committed to creating a destination not only for adults, Town Square is incorporating a significant portion of its real estate to the development of a children's destination.

Set to include rides, parks, dancing fountains and tree houses, the children's complex could potentially include a brand new Lied Discovery Children's Museum.

Last October, Centra and Turnberry made a \$5 million in-kind donation to the Children's Museum, which includes a 50,000-square-foot location within Town Square as well as a five-year lease.

Getting there

Forecasting the increase in traffic along Las Vegas Boulevard once Town Square opens, Turnberry and Centra recently announced that it would construct a \$3 million fly-over ramp to alleviate congestion in the area.

An engineering study by VTN Nevada determined that approximately 6,800 cars travel daily in front of the Fry's Electronic Store, which is part of the Town Square site. Furthermore, the study found that traffic would increase to 63,000 motorists a day once Town Square opens.

Not only will the fly-over ramp feed northbound Las Vegas Boulevard motorists directly into Town Square, but it will also connect with a roadway that will loop around the perimeter of Town Square, making access to all parts of the development quick and convenient.

Once inside Town Square, drivers can choose from a series of parking structures and surface lots, depending on the "neighborhood" they are visiting that day. The complex will provide more than 5,700 parking spaces as well as several valet locations, making a visit to Town Square convenient and enjoyable. **cre**

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Chelsea Property Group's outlets popular with shoppers

By Deborah Roush
Contributing Writer

When Karen Ruckle, and her husband, Wade, of Little Rock visit Las Vegas for their once-a-year vacation here, their time is spent the same way every time: Wade hits the gaming tables and Karen spends her time shopping. Her favorite destinations, she says, are the outlets.

"I don't even shop at the casinos because I think they are overpriced," Ruckle said.

"Outlets have the same product they have a normal store, but better prices, and just as good customer service," she added. "It doesn't make sense to spend your money on the same thing you can get for a better price."

Ruckle is just the type of shopper Chelsea

Property Group, a division of Simon Property Group, is attracting to its two Las Vegas properties — The Las Vegas Outlet Center, formerly the Belz Factory Outlet World, which it purchased in August 2003, and Las Vegas Premium Outlets, which it built at the same time in downtown Las Vegas.

Both track foot traffic of between 7.5 million and 8 million visitors annually and are lucrative parts of the company's portfolio which, combined with its other properties, is recording earnings of \$444 per square foot — a 7.8 percent increase from 2005.

Rothstein expects the numbers to grow when Las Vegas Premium Outlets, the more "fashion oriented of the two featuring the Dolce Gabbanas of the world," adds about 100,000 square feet of shopping space, jumping from 120 to 150 stores and two more parking garages by early next year.

"With success comes tenant demand," Rothstein explained, adding that the center's new size — about 535,000 square feet, will put it in a "small, elite group of outlet centers that size.

"Our plan is to lease to brands that complement what we have and that are more upscale than it is, though we have such heavy hitters already," she added.

Currently, Las Vegas Premium Outlets, which Rothstein described as having a outdoor yet cozy feeling, gives shoppers the impression that they're at a boutique rather than an outlet and offers brands including Calvin Klein, Coach, Lacoste, Kenneth Cole, Armani, Banana Republic and White House/Black Market.

On the south end of the strip, the equally successful Las Vegas Outlet Center targets more moderately priced brand shoppers.

"Recently we've welcomed Adidas, Calvin Klein, Quick Silver and Gymboree — people love that store; they went crazy when it opened," Rothstein said.

A Lane Bryant store will open there this summer.

"They are good brands with high quality and fit in perfectly with the mix of the center," which has 130 stores," she said.

"They are destination stores, like Tommy Hilfiger, Nike or Ashworth Calloway." The center also has a very good reputation of house wares and home furnishing, which is a niche it serves," Rothstein added.

Rothstein said much of Chelsea Property Group's marketing efforts focus on the tourist market, though they are careful not to exclude local shoppers.

"We're in Vegas, so we have to care about both," she said.

Unlike in other cities where it has centers, here Chelsea Property Group advertises on taxi tops and on strategically placed billboards.

They work extensively, too, with tour operators. "They know us and they know the type of quality properties we have. We value the group market, and we package the center into group tours," she said.

Rothstein said support from the Las Vegas Convention and Visitor's Bureau helps. "They get that shopping is a huge component of what this market has to offer. They understand that it's another ingredient to the success of Las Vegas and that the statistics bear that out," she said.

"To have the support of the people in tourism is invaluable," she added.

It isn't, however, like Chelsea Property Group has to worry much about the competition. "We essentially bought our competition when we built Las Vegas Premium Outlets," she said. The nearest competitor would be Fashion Outlets Las Vegas, located in Primm, a 40-minute ride from the Strip.

Rothstein said the company doesn't worry much about other shopping venues like Fashion Show Mall or the many casino shops.

"People tend to visit several shopping centers when they are here. It's like one day it's Italian Food, another day it's something else. One day it's full price, the next day it's outlets," she said.

"This is not a typical market. There's enough to go around. It's like the casinos. When they build a new one, the rooms get filled there too," she added. **cre**



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Montecito Companies break ground with retail development in northwest Las Vegas

By Lisa McQuerrey
Contributing Writer

Montecito Companies is becoming a prominent player in northwest commercial real estate expansion. The company is currently developing more than 700,000 square feet of grocery-anchored shopping centers in the area. The first phase — Montecito Marketplace — carries a \$48 million price tag and will open in June 2006.

"This area is still under-served in terms of retail," said Montecito Companies Senior Vice President Nick Hannon. Hannon noted that before the company began development plans it assessed factors including the spacing from other retail nodes, transportation corridors and area demographics.

According to Hannon, the company purchased land in the northwest 10 years ago because it recognized the potential the Beltway would bring to the area and saw where growth was projected in terms of commercial, retail and residential development. Hannon said the projects now in the works would not have been possible had the company not purchased the land before prices started to soar.

Besides Montecito Marketplace, the developer has also broken ground on Cheyenne Pointe, an \$18 million, 90,000-square-foot retail power center located on the southeast corner of Cheyenne Avenue and Civic Center Drive near I-15. A 30,000-square-foot Mariana's Supermarket will anchor the center. Three additional "junior anchors" will bring total square footage to more than 30,000.

Montecito Pavilion is another project anticipated to break ground in late 2006 with a third quarter 2007 completion date. The \$75 million project will follow a recent development trend of being mixed use in nature. It's anticipated Montecito Pavilion will include 175,000 square feet of retail space and a 12-acre mid-rise residential development.

"Mixed-use mid-rise usages aren't singular in nature anymore," said Hannon.

"We have to recognize the right synergy between usages as well as potential segue business uses."

Current plans call for a grocery-anchored shopping center with seven retail buildings and eight stand-alone pads.

Anchor-leasing is underway for another Montecito project, Montecito Highlands, a

250,000 square-foot retail shopping center to be situated on the northwest corner of Horse Drive and U.S. 95.

Slated to break ground in fourth quarter 2006, the center will include a grocery anchor, restaurant pads, a home improvement store and a mix of both retail and office space. **cre**



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Stepping Out

Alana Roberts
Special Publications writer

Call it keeping up with the Joneses.

As the area surrounding Spring Mountain Road and Las Vegas Boulevard continues to evolve, leaders at General Growth Properties Inc., owner of Fashion Show mall, are considering additional uses for the Las Vegas Valley's largest pedestrian mall.

Company leaders contemplate a more "dense" use of the 1.9 million square-foot mall as its neighbors have continued to redevelop and expand their properties, said Dan Sheridan, executive vice president of General Growth Properties.

"I would say we're in the idea stage," Sheridan said. "We're looking at Fashion Show to always find ways to improve it and that's where we are in the process. Again, we're always looking to improve our projects. Certainly with where Fashion Show is located we would look at bringing more density to the project."

The area surrounding Fashion Show mall is a hotbed for redevelopment and expansion growth in gaming, retail, and residential real estate. It is bordered on the north by the Trump International Hotel & Tower, which has one tower currently under construction; adjacent to that Phil Ruffin, owner of the New Frontier has announced his plans to develop the mega resort Montreux where the New Frontier stands; further north Boyd Gaming Corp. plans to demolish the

Stardust and build Echlon Place; across Las Vegas Boulevard on the east side of the street Wynn Resorts recently broke ground on Encore on the site of the original Desert Inn; to the south of that Las Vegas Sands Corp. is building the Palazzo Resort Hotel Casino and The Shoppes at the Palazzo.

Last year Wynn Las Vegas opened, along with Wynn Esplanade.

Previous news reports have stated General Growth is considering adding



to the Fashion Show mall. But, Sheridan said company leaders haven't determined a plan of action. The company is focusing its efforts in Las Vegas on The Shoppes at the Palazzo, the 450,000-square-foot retail complex which General Growth Properties will own once it opens in 2007 and The Shoppes at Summerlin, a planned 1 million-square-foot regional mall set to undergo infrastructure work this year.

"I think what I said in the past and what I'll say now again, as part of that evaluation of how to fully utilize the real estate, we're open to looking at alternative uses," Sheridan said. "The possibilities may be residential (and) may be hotel. I think it makes sense to constantly evaluate what's the best way to utilize the real estate. Certainly with Fashion Show, it makes even more sense than with any other project."

Barneys is on the way

By **Alana Roberts**
Special Publications writer

Las Vegas will soon join a short list — six to be exact — of destinations with full service Barneys New York stores.

The upscale, yet edgy flagship department store will join The Shoppes at the Palazzo on the Las Vegas Strip when it opens in the fall of 2007. The planned 85,000 square-foot store is part of a new era of expansion for the historic retailer.

The Shoppes at the Palazzo will serve as the retail component of the \$1.6 billion Palazzo Resort Hotel Casino, which is being built by Las Vegas Sands Corp., adjacent to the Venetian Resort Hotel Casino. Once built, retail giant General Growth Properties Inc., will take ownership of The Shoppes at the Palazzo. The 450,000-square-foot mall is set to open in the summer of 2007 and will feature approximately 80 high-end and mid-level stores and boutiques.

Barneys New York, founded in 1923 by Barney Pressman in Manhattan, is recognized as a major draw for the fashionably elite. It is also known for its loyal clientele.

"There are people who fly all over the

Jared Chupaila, general manager of Fashion Show mall, said he expects near-by expansions and redevelopment plans to bring more upscale customers.

"We continue to see increasing volumes of traffic at Fashion Show," Chupaila said. "I think that's in part due to the growth around us, not only in the amount but the quality of the traffic."

Fashion Show's 250 retailers vary from Gap to Bloomingdale's Home to Louis Vuitton. Some of the mall's anchors are retailers that can't be found anywhere else in Nevada. Chupaila said that variety helps to attract both tourists and locals.

The mall boasts seven anchor tenants, Neiman Marcus, Bloomingdale's Home, Nordstrom, Saks Fifth Avenue, Robinsons-May, Dillard's and Macy's. **cre**

country to shop at Barneys," said Matt Bear, a principal of Venture Development Group. "They're going to be able to bring a lot of unique tenants."

The store brands itself as a high-end specialty retailer, and will feature men's and women's apparel, shoes, accessories and cosmetics.

Barneys New York is a subsidiary of Jones Apparel Group Inc. The Las Vegas store will be the third in a wave of new flagship store openings. Earlier this year the company opened one in Boston's Copley Place and plans to open another in the fall at North Park Center in Dallas. Other flagship Barneys stores are in New York, Chicago and Beverly Hills.

"The new location at The Shoppes at the Palazzo will not only bring the excitement of the Barneys New York flagship shopping experience to Las Vegas, but will also represent the first fashion specialty store of significant size and scope within a Las Vegas resort," said Howard Socol, chairman and chief executive officer of Barneys.

Dan Sheridan, executive vice president of General Growth Properties, said the addition of a Barneys New York flagship store speaks to how far retail has come in the Las Vegas Valley.

"I think it's a great sign for retail in Vegas to the rest of the nation and the world of what a great retail destination Las Vegas has become," he said. **cre**

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Retail development growth expected to continue in booming local market

The Las Vegas Valley's retail market is comprised of 275 anchored centers totaling 42.9 million square feet of inventory. The first quarter vacancy rate was 2.5 percent, down 3.5 percent one year ago. Rising land prices



Kit Graski

Voigt
Commercial
Brokerage

and massive population growth have put constrained demand for retail product at the forefront, with market expansion in the coming year expected to outpace the amount of product coming online.

Developers are continuing to find creative avenues for bringing new retail developments to fruition to meet the growing demand.

New additions to the market contributed 507,000 square feet, while demand nearly kept pace with 481,000 square feet absorbed through the end of the first quarter of 2006.

The retail market has been pushing for additional lifestyle centers, although developers are struggling to locate a piece of property in the right area in close proximity to an office or major development component. With an increase in land values and lease rates, developers are adding new elevations and more trees and brickwork to make current retail lifestyle developments attractive to higher quality tenants.

The District, one of the most significant lifestyle centers currently on the market, has been successful due to its high quality tenants and excellent location near the Green Valley Ranch Resort, Spa and Casino. Another master-planned area that may benefit from an additional lifestyle would be Summerlin, which needs a pedestrian friendly lifestyle center to cater to local residents and the continued growth in that area.

Las Vegas developers have proposed mixed-use retail/multifamily projects across the market, although not as many



are breaking ground as expected. Smaller scale projects are proposed in the Las Vegas Valley encompassing both residential and retail product.

The retail market is thriving, with approximately 3.7 million square feet of retail space under construction and 8.6 million square feet planned at various stages of development for the future. Construction activity is driving up average asking lease rates to \$1.75 per square-foot, increasing \$.06 since the fourth quarter of 2005. Lease rates in the retail market have increased eight percent over the last 12 months.

One of the major mixed-use retail projects that will impact the market is Town Square Center, a 1.1 million square-foot mixed-use lifestyle center planned for early 2007.

A majority of Las Vegas' retail development is occurring close to the substantial residential growth in the Valley along the I-215 in the Southwest and Northwest submarkets. New retailers will expand into these areas as well, fueled by the availability of land for retail development

complimented by the substantial amount of residential growth. With a substantial amount of new construction activity, lease rates in the Southwest submarket have increased to \$2.68 per-square-foot per month on average. The average monthly lease rates in the Northwest have grown to \$2.37 per-square-foot. The Southeast submarket may experience retail growth in the future when demand grows from the new residential developments in the area.

The Southwest submarket has 2.9 million square feet of new product planned, with 1.7 million planned for power centers to try to meet the growing demand. Power centers in the Southwest are experiencing low vacancy rates of 0.3 percent for the first quarter of 2006.

Laurich Properties and EJM Development are trying to meet this demand by developing the Arroyo Market Square, a 950,000 square-foot power center located off the I-215 Beltway and Rainbow Boulevard, which Voigt Commercial Brokerage is marketing.

Many national players in the retail market including Wal-Mart, Home Depot,

Target and Lowe's are taking advantage of the residential growth in the suburbs by building new retail projects away from the Strip. Major tenants relocating or expanding to Las Vegas are Wicks Furniture, Johnny Carinos Italian, Bob's Big Boy, Rave Theaters and Galaxy Theater.

The Great Mall of Las Vegas, a planned 1.2 million-square-foot indoor shopping mall anchored by national tenants located on the northwest corner of U.S. 95 and I-215, is anticipated by residents in the Northwest. The project is proposed by Las Vegas-based Triple 5 Nevada Development Corporation, which built the nation's largest retail and entertainment complex The Mall of America in Minnesota.

General Growth is also proposing Summerlin Centre, a 1 million-square-foot regional mall at I-215 and Sahara Avenue in Summerlin. Negotiations are also taking place for a mall off the I-15 South, although the land in the area is expensive and developers will have to compete with timeshares looking to pay a higher price for the land.

To expand and grow, large mall tenants are moving out of malls and into stand alone buildings or power centers due to the lack of new malls coming on-line in the Valley. JC Penny is building a stand-alone development on Flamingo and I-215. Another example of this trend is Sears Grand, a large one-story store, which recently opened in Grand Canyon Parkway Center, at Flamingo Road and I-215 in the Southwest part of the Valley.

Historically, master-planned community developers sell off portions of land for retail development within the specified community. A new trend taking place is these developers of master-planned communities are holding on to these retail parcels to develop the retail projects themselves, as well as developing the entire master-planned community and bringing these communities to fruition on the firm's own.

Taxable retail sales in Southern Nevada for the last 12 months have been in excess of \$34.5 billion and should continue to increase for the remainder of 2006.

With the numbers to prove the success of the retail market, Las Vegas is poised to bring a substantial amount of new retail product to market in the near future to meet the continued demand caused by rapid residential growth. **cre**

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Plise project moves forward in Henderson



By Alana Roberts
Special Publications writer

Plise Companies hopes to please Henderson community leaders and residents with its planned 126-acre mixed-use development located near the Henderson Executive Airport.

The project, now called City Crossing, will be located at the northwest corner of Executive Airport Drive and Bruner Avenue. It will blend 1 million square feet of Class A office space with 600,000 square feet of retail and 6.4 acres of community park space. The project also includes residential components, which call for 2,500 condominiums.

About 1,750 of the residences will be built in multiple four- to five-story complexes, while another 750 units will be built above retail space, said Mitchell Stipp, chief operating officer for Plise Companies. He said the company will

collaborate with residential developers on those aspects.

The project will be designed as a true live, work and play environment, he said. The project's retail aspects call for a "main street" design and will include a mix of retailers.

"We designed the project with the idea that there would be significant open space and the possibility of parks, because to have a true mixed-use project we want people to not only work and play there but to live there as well," Stipp said. "We're planning to have 600,000 square feet of retail from big box to boutique retail. We're planning work-live lofts to be constructed over retail. It's similar to the District. Having retail with living (space) is something people desire and is something that would be beneficial to this project."

The company's construction arm, Plise Development & Construction,

will be the general contractor on the project. The company plans to break ground on City Crossing in the next 18 months to two years with phase one set for completion in September 2009.

Phase one is expected to be 50 acres and will include 250,000 square feet of office space, 250 residential units over retail, another 450 residential units and 311,000 square feet of retail space. Stipp said the company hopes to complete the entire project in the next five to seven years.

The Henderson city council recently approved mixed-use zoning for the project, a change from its original industrial and office zoning. The project was previously known as the Sage Mountain Commerce Center.

The switch to mixed-use highlights a growing trend in the Las Vegas Valley's commercial real estate market.

"We made the decision that an industrial park probably wasn't the highest



and best use of the property and elected for a zone change with the city of Henderson,” Stipp said.

Now that Plise has succeeded in get-

ting the proper zoning, the company must now obtain approval from the city for its design, which Stipp said would take about six months.

Plise is also working on two other projects with office and retail components, the Rainbow Sunset Pavilion, located on Rainbow Boulevard near I-215 and Centennial Corporate Center, located at Ann Road and I-95.

Community officials have hailed the City Crossing project as a boon for job growth in the western edge of Henderson.

“We have been excited about this project because it does provide two major stimuli to that area,” said Bob Cooper, economic development manager for the city of Henderson. “The one I’m most excited about is the office environment. This is going to be a fantastic start to creating jobs for that area.”

He also said the retail components will be a good addition to the area.

“We think of this as an economic home run,” Cooper said. “Also it presents an option for shopping for them (area residents) other than having them get in their cars and having them drive to Eastern Avenue.”

The area is flush with current and planned residential developments, like the planned 2,000-acre Inspirada residential project as well as the Seven Hills, the Anthem master-planned communities, Southern Highlands, Silverado Ranch and MacDonald Ranch housing developments.

“It’s going to have tremendous residential growth,” Cooper said. “When you talk about a city within a city, you do need jobs.”

Stipp echoed Cooper’s statements.

“We think the project is really excellently located to take advantage and provide the amenities for Seven Hills, and Anthem and the people of Inspirada,” he said. **cre**

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The evolution of shopping in America

My parents, who lived through WWII and were fully a part of that generation, looked at shopping differently than we do today. Providing raw foods, clothing and other material goods was most amazingly different.

In the previous generation, and before the Super Market, groceries were a combination of the corner grocer whose name you most likely knew. The choices of food were few and little of it was pre-packaged. Much of the food even came from their gardens and was "Put Up" for the non-growing season. Hardware was also a local and they would fix their own things from the items bought there. Restaurants were not chain, nor were they plentiful. Finally, clothing acquisition was a combination of three methods: a trip to downtown including SS Kresge, Woolworth, Sears, or Penny's, catalogues or buying fabric to make your own. Twenty-seven percent of the population of the United States was tied to agriculture in some way in the 1940s. Today, that number is under 1 percent.

It is amazing to think that this was how America obtained their goods just 60 years ago!

Fast forward:

The only constant is change

Today, we have Malls, Super Malls, Strip Center, Open-Air Centers, Neighborhood Centers, Lifestyle Centers, Power Centers, Outlet Malls, and so on. These new paths of consumption are clearly a reflection of our evolving society. Key factors in the change include increased education, technology, communications and the general time constraints of our daily lives.

One estimate shows we have over 500,000 restaurants in America. Interest-



Nick Hannon

Montecito
Companies

ingly enough, my friend bought a 10-year old house here in the Las Vegas Valley and the oven still had the manual inside! Life has certainly changed.

The obtaining of groceries is changing today as well. Some estimates indicate that we will buy less than 50 percent of our groceries from a "conventional" grocery store by the year 2010. We are seeing the emerging of the niche providers like Whole Foods

favorite niche in clothing is a category hot heard of 50 years ago, "Fashion to go shopping in." If shopping is a significant part of your life, then you will need appropriate clothing (including shoes) to perform that activity in.

Physical trends in shopping centers

The first centers were built in the upper Midwest in the early 1950s. This was basically the moving of the downtowns to the emerging suburbs. They were designed fundamentally around the fast growth of



The Montecito Marketplace will give Northwest Valley-area residents more retail choices.

and Wild Oats. We now have the advent of the "Super Centers" like Wal-Mart and Target, where price plummets on average 25 percent below conventional grocers. Another emerging trend are the Drug Store chains that are taking the place of the neighborhood food/drug stores of the 1940s and growing at an amazing pace. Ask yourself this question: When was the last time you ate something that you grew in your own backyard?

Fashion has much of the same story, as sewing machines are not found as often in home (unless you are holding on to Mom's). The choices are infinite and cheap considering most of it is produced off shore with less expensive labor. My

the automobile and usually had pull up diagonal parking in front of the retailers.

The Super Markets also emerged about this time and began entering the suburbs with the first introduction of the proverbial "sea of asphalt" to accommodate the automobile as well.

Now come the 1960s when we started building "enclosed malls" and they became the new downtowns leaving the old downtown to decay in the simplest of terms.

The past 20 years (with commentary)

We now have about an equal amount of developers as we do consumers. Thus we begin to change the physical landscape again. The following is a simplistic review



The Montecito Marketplace will be built at North Durango Drive and Elkhorn Road

of each of these niche property types that have emerged since 1990:

Super Centers: This mega mart concept has replaced the food-drug center. The anchor is generally 100,000 square feet to 250,000 square feet and you can plan on buying almost anything there for cheap. Contrary to my parents' generation, you most likely won't know any of the employees by name without reading their badge.

Specialty Grocers: These stores do not offer low price but rather high-end (often organic) boutique foods along with some mainstream choice. Stores like Whole Foods, Wild Oats, and Trader Joes all have found a valuable niche. I call this niche the "recently enlighten earth and joy group," most of which grew up with pesticides, asbestos and lead paint as a part of everyday living.

Drug Store Chains: These "C" Store operations have invaded the neighborhoods offering convenience, particularly in the high mark up categories like health and beauty aids, and pre-packaged junk food. Oh, and you can buy drugs here too. The pharmacies are growing as well as we baby boomers lunge into old age and demand pills to hold back the onslaught of aging and its accompanying pain.

Open-air Centers: Anything that is not enclosed, but has many subcategories.

Strip Center: These animals are found along any major thoroughfare and feed on "drive by" traffic. The tenant mix can be most anything but often feature "impulse" buying. You can easily see the store from the street even at 50 miles and hour with a cigarette hanging out of your mouth and your cell phone to your ear.

Power Center: These open-air projects run from 3000,000 square feet to 1,000,000 and are filled with the usual host of "cat-

egory killer" boxes. There are too many names to list here, but you know who they are. These come and go as well, and are usually capped off by banks and/or restaurants around the perimeter. Sometimes they may even have some entertainment component and are usually in a regional location. As Yogi Berra says, "It is so crowded, nobody goes there anymore."

Outlet Malls: Usually open-air by design, these projects are populated with Factory Outlets and historically have been located away from their urban counterparts, the enclosed malls. This category is in a large state of flux and they basically rely on tourist shopping because as we all know money when on vacation has no meaning.

Neighborhood Centers: Also an open-air design, they feature easier access and the mainstay conventional grocer relying on as few as 10,000 people to support its uses.

Lifestyle Centers: Located anywhere there is very good demographics. It appears as if we're moving out of the 'burbs and back into town. The short version of these centers is a fountain and a PF Changs!

It's anybody's guess what changes the next 20 years will bring. I, for one, am excited to see these changes. Whatever they may be, we do know that they will reflect the changing society and its needs.

In closing, who knew we would have a whole industry called "the shopping center business" that merges real estate developers, retailers, and all the accompanying providers. Then once a year as May brings in the sweet blossoms of emerging growth, we would congregate in the desert (some 35,000 of us) each year in an annual love fest and deal junkie fix!

I would not trade it for Grammas basement cannery for anything ... though I do miss her. **cre**

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District moves into phase 2



The District in Henderson has provided residents with a lifestyle center featuring retail, dining and office and residential components.

By Alana Roberts
Special Publications writer

A second phase of upscale shops, restaurants and offices that make up the District at Green Valley Ranch, has debuted across the street from the phase one.

Real estate insiders say the project is more than the sum of its parts and has sparked a trend in the Las Vegas Valley.

The District is considered to be one of the Las Vegas Valley's first mixed-use developments to be branded as a lifestyle center. It incorporates retail, dining, office and residential components into a pedestrian-minded space, complete with benches and a tree-lined plaza. It is also the venue of community and entertainment events, which allows it to also serve as a community gathering spot.

"What those centers really do is they're a place for people to hang out," said Matt Bear, a principal of Venture Development-Group. "They really are community cen-

ters (where) you can buy stuff. When you say lifestyle, they're catering to a segment of the population where they're looking for a certain kind of product, and more importantly they're looking for a certain kind of experience."

That experience allows people to take part in cultural and entertainment events, shop at specialty high-end retailers and dine at a unique mix of restaurants. The District also provides places to live and work.

Four tenants are already open in the second phase and 14 others are set to follow suit in short order, according to a press release from American Nevada Company, developer of the District.

The first phase of the District, which opened in 2004 on the west side of Green Valley Parkway at the I-215 in Henderson, has 400,000 square feet of shopping, dining, office and residential space. It features 50 shops and restaurants and 88 residential flats and lofts located above the shops.

The Cheesecake Factory, which opened in August, was the first tenant in the District's second phase on the east side of Green Valley Parkway. That phase will feature 172,000 square feet of retail and office space in six buildings.

Upscale grocer Whole Foods Market opened in April, along with Desert Daisy (a clothing and accessory store) and Splash Bath and Body. The center's phase two retailers set to open this month are Alligator Soup (a stationary and gift boutique); Bling Bling (a women's shoe and accessory store); Flights of Fancy (which features kites, wind socks and chimes); Gelato Café; Indulge (a women's clothing store); Las Vegas Golf & Tennis; Palazzo Palms Resort Wear & Accessories and Pink (a women's clothing and accessory boutique).

Encanto, a home furnishing and accessory store, will open in June. Other retailers that are set to open this summer are Chelsea, (an upscale women's fashion



Henderson residents flocked to the District to hear some live music in the courtyard.

boutique); Keva Juice (a smoothie shop); The Sting Store (a camera shop); T-Bird Jewels (a jewelry shop) and West Elm (a home furnishing store).

Charles Van Geel, is senior director of leasing for American Nevada. He said the area of Green Valley Parkway and the I-215 is teeming with retail, office, gaming and entertainment options, much of which have been developed by the company. Green Valley Ranch Resort Spa Casino is also a nearby amenity.

"This is one of the most vibrant intersections in Nevada based on the development that has taken place at the four corners of this intersection," Van Geel said.

The Greenspun family, which publishes *In Business Las Vegas*, owns American Nevada.

Marci Frumkin, marketing director of Whole Foods Market Southern Pacific Region, said in an e-mail that the District and Henderson are ideal places for the store.

"The District itself is a great spot for Whole Foods Market for several reasons," she said. "It's very much a 'lifestyle center,' which appeals to us and our customers and it's geographically located in a great area. The location fits in with our two highest requirements for new store development, which are high density and a large amount of college-educated people."

Dave Johnson, senior vice president of retail investment services for NAI Horizon, said the District has had a significant impact on retail in the Las Vegas Valley.

"The impact it has had on retail is bringing in retailers to the area we didn't have

before," he said. "We didn't have REI (for example). The thing about the District is it's created a whole new level of shopping for the area."

Zack Hussain, an associate at CB Richard Ellis, said the District has emboldened other developers to jump on the lifestyle center and mixed-use trends. Other lifestyle center developments underway are Town Square, which is being constructed on Las Vegas Boulevard at the I-215 and East Village, which will be located at Tropicana Avenue and Paradise Road.

"American Nevada was one of the leaders in breaking the mold and mindset of retail (in the Las Vegas Valley)," he said. "Mixed-use is being done around the country. Vegas is new to this concept. Now we're seeing the idea has been bought and people are more confident in this."

He said land prices are also driving the demand for more mixed-use.

"Now with the scarcity of land in the Vegas market we have no choice," Hussain said. "The rising cost of land is forcing developers to maximize the best use for their parcels."

Further, he said lifestyle centers serve as family-friendly community spaces, areas that are much needed in the Las Vegas Valley.

"We've always been a Wal-Mart, big box retail center (market)," Hussain said. "There was never a place of social gathering for locals. There was no street-scaping; there was no place to take families on the weekends. So that is driving projects like the District, Town Square and East Village." **cre**



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Entertainment retail centers: A new shopping experience

Over the past two decades, urban retail centers have revitalized downtowns, created exciting attractions for theme parks and other entertainment venues, and reinvigorated the shopping experience for retailers and consumers alike. Now East Village, a planned 44-acre destination lifestyle and entertainment center, is reinventing the urban center of the '90s.

The \$400 million project is the brainchild of gaming and entertainment industry pioneer Mark Advent, whose unique city design of New York-New York Hotel & Casino inspired billions of dollars in city-themed developments along Las Vegas Boulevard, such as Paris, the Venetian and Bellagio.

Like its namesake — New York City's East Village — East Village Las Vegas will be planned as an urban neighborhood with an invigorating environment that is real and authentic for both visitors and locals.

Eighth Wonder, a private, closely held development company lead by Mark Advent and partner Mark Vlassopoulos, conceives, designs and develops international entertainment and leisure resorts, retail complexes and casinos. The company is currently a finalist to design and build a \$380 million casino on Singapore's resort island of Sentosa.

"East Village will be designed as a destination mixed-use urban retail and entertainment center," said Advent. "The numbers streaming out of the hotel-casino sector continue to underscore the value of a well-blended retail and entertainment offering.



Zack Hussain

CB Richard Ellis

East Village will become the first large-scale, non-hotel-casino development that will invest heavily in launching this type of entertainment retail marketplace."

The MCM Group is the project's development company, which is a 50/50 partnership between Eighth Wonder and privately held Indianapolis, Ind.-based Premier Properties USA, Inc. The company recently partnered with Premier Properties to co-develop and co-own the project. "We are thrilled about the joint venture we've created with Eighth Wonder and look forward

to entering the Las Vegas market," added Chris White, Premier Properties chairman. East Village will be strategically situated on a prime, 44 acres of real property at the northwest corner of Tropicana Avenue and Paradise Road, just opposite the entrance to McCarran International Airport. It will offer nearly one million square feet of retail, entertainment, restaurants, and banquet and conference facilities, and loft offices. The site is currently zoned and approved for mixed-use restaurant, retail and office development and will include 27 buildings, ranging from one- to four-stories, and is expected to be completed in fall 2008.

At the center of the project will be a Grand Public Market, similar to Pike Place Market in Seattle. The market will have fresh food vendors who sell their goods daily to shoppers. It will be anchored by a world-renowned Culinary Institute and internationally known wellness center.

East Village will showcase a large entertainment district featuring two live theatres and a cluster of branded and one-off clubs, "the first in Las Vegas," according to Advent. A Diamond District will be patterned after the excitement of New York City's 6th Avenue and 47th Street and will offer a collection of diamond merchants.

The multi-level East Village also will house 263,200 square feet of loft-style office space. There is a planned 15,400 square foot off-site airport check-in facility, and 100,000

square feet of conference and banquet center/meeting space.

CB Richard Ellis is conducting a nationwide marketing campaign for East Village. "East Village plans to offer tenants a special platform that doesn't



Universal CityWalk in Studio City, Calif., could be a model here for urban villages.

to entering the Las Vegas market," added Chris White, Premier Properties chairman.

East Village will be strategically situated on a prime, 44 acres of real property at the northwest corner of Tropicana



East Village is a planned 44-acre destination and lifestyle center planned for the area near Tropicana Avenue and Paradise Road.

exist in Las Vegas,” said Penny Mendlovic, CBRE retail broker. “Similar to the warehouse districts of River North in Chicago, SoHo in New York and the SoMa district in San Francisco, the project team is seeking and carefully selecting distinctive tenants found on stimulating streets around the country.”

East Village’s design philosophy conjures up images of Fanuel Hall Marke-

place in Boston, the Gaslamp Quarter in downtown San Diego, and takes concepts from new urban centers like CityWalk at Universal Studios in Hollywood, California.

CityWalk redefined the urban experience

Designed by legendary architect Jon Jerde in 1993, CityWalk redefined the

urban village as an intricate weave of uses and services. Part entertainment district, part urban street life, part tourist attraction, part shopping street, Universal City Walk attracts 25,000 people daily. Not just a tourist destination, CityWalk is popular with locals who account for 67 percent of sales. CityWalk is 98 percent leased and sales average \$800 per square foot, nearly three times



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This is a rendering of the Water Street District renovation project in downtown Henderson at completion.

the national average at regional malls.

Other cities have been quick to embrace this new version of the urban retailing center, and have created successful retail centers that blend the latest in entertainment technology with traditional retail. These centers attract a broad cross-section of consumers that tend to stay downtown for longer periods of time, important to the success of downtown redevelopment efforts.

Here in Las Vegas, a new generation of urban retail centers already are making their mark, both as a tool to revitalize downtown cores, and as new shopping and entertainment centers for visitors and locals. While the mixed-use centers of the '80s and '90s featured office and retail, the new breed of mixed-use centers offer office, retail, and residential. According to Patrick Done, CBRE director of retail services within Global Gaming Group and a former Rouse Company executive, this broader view of mixed-use is the highest and best use for expensive land in well-located suburban areas. Moreover, the residential component gives retailers a built-in clientele.

The District — Green Valley success story

One example of the new urban retailing center is The District at Green Valley Ranch. The first metropolitan lifestyle center to make its debut in Las Vegas, The District opened phase one in April 2004. Located on the west side of Green Valley Parkway, it incorporates a northeast pedestrian-friendly "Main Street" ambiance with entrances to

shops fronting a tree-lined plaza. The 400,000-square-foot center features 50 fine shops and restaurants. Eighty-eighty luxury condominium residences, located above the shops, offer views of either the city and the strip or "Main Street" below.

Adding to the downtown environment of The District are offices located above the shops as well as in a separate three-story office building. Its upscale retail shops include Ann Taylor Loft, Anthropologie, Bluestone Gallery, Brighton Collectibles, Chico's, Coldwater Creek, DaMincci Jewelers, J. Jill, Jos. A. Bank Clothiers, Mel Fisher's Treasures, Pottery Barn, REI, Sharper Image, Talbots, White House, Black Market and Williams Sonoma. Restaurants and specialty food shops include Ben & Jerry's, Elephant Bar, Ethel M Chocolates, Kennedy Tavern, King's Fish House, Lucille's Smokehouse Bar-B-Q, Panera Bread and P.F. Chang's China Bistro.

Having met with resounding success, The District at Green Valley Ranch is undergoing expansion with construction of phase two. The Cheesecake Factory was the first to open in the new phase of The District on August 1, 2005. Whole Foods Market, the world's largest retailer of natural and organic foods recently opened along with other retail shops and restaurants.

Located on the east side of Green Valley Parkway at I-215 directly across the street from the first phase, the second phase, consisting of six buildings, will provide an additional 104,500 square feet of lifestyle-retail product and 51,300 square feet of office-over-retail space.

Space is currently available for retail, restaurant and office use in phase two according to Charles VanGeel, senior director of leasing for American Nevada Company, the developer and managing company of The District.

Building on the success of CityWalk in California, The District in Green Valley and other success stories throughout the country, downtown Las Vegas and downtown Henderson are in the midst of implementing strategic redevelopment plans of their own.

Downtown redevelopment follows trend.

"It's interesting to note," said Rob Ryan, manager of the Henderson Redevelopment Agency, "that downtowns as a gathering place have come full circle over the last 30 years. In many cities throughout the country, downtowns were a place to live, work, shop and play. Then, residents and businesses started moving to the suburbs, leaving many downtown areas deserted and neglected. However, the suburbs lacked a central gathering place so shopping malls soon filled the void and, eventually, developers looked to create a 'downtown' urban experience in the suburbs. Projects like CityWalk and Downtown Disney gave people a sense of place. Now, searching for ways to revitalize their inner-cities, planners are using the CityWalk model to create new urban retail centers."

Ryan added that a major concept shift — from style to substance — has occurred among planners. "These shifts have occurred because of the cause and effect that redevelopment has had on re-

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tail development and in return, the affect that entertainment retail development is now having on redevelopment.

“Redevelopment managers have had to shift their thinking away from historical preservation, to the ability to attract people to the area. The nostalgia of older buildings and theaters can become an attraction, a hook, to bring people downtown, but it’s no longer the primary focal point of our efforts.”

For example, downtown Henderson, now being branded as the Water Street District, plays on its 1940s roots with a Moderne-style architectural requirement. “Yet the focus of the planning is to provide both up-to-date physical structures and activities that will provide a prosperous environment for many

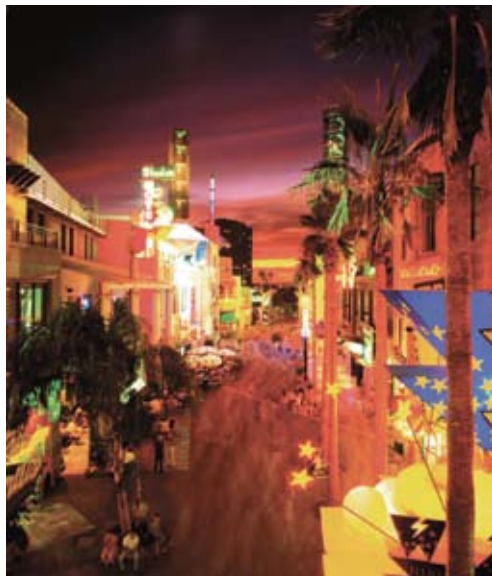
years,” Ryan said.

Over the last two years, the Henderson Redevelopment Agency’s efforts have resulted in more than \$200 million in projects currently approved or under construction within the Water Street District. In November, 2004 the first new mixed-use project in more than 30 years broke ground on Water Street. The area’s second mixed-use project to break ground

is currently 94 percent leased. There is an additional \$400 million in proposed projects for the Water Street District including condominiums and apartments. To create a pedestrian-friendly environment, Water Street sidewalks

are being widened. Appropriate street lighting and sidewalk furniture will be added. Art galleries, boutique retail and restaurants draw Henderson residents to the area on a regular basis. In addition, since Water Street also is home to Henderson’s civic life, the City’s Convention Center is being transformed into a Special Events Center and an \$8 million Special Events Plaza is being constructed in the heart of the Water Street District near City Hall. Events, such as art fairs and classic car shows attract tens of thousands of visitors to the Water Street District annually.

Downtown Las Vegas also is aggressively pursuing the updated version of a redevelopment area. The city’s redevelopment area covers about 3,300 acres, and city officials want to expand efforts to include cohesive planning and financial assistance, most likely in the form of tax increment financing. In addition more developers are looking to downtown Las Vegas for residential opportunities many in the form of high rises. Existing redevelopment areas include the Arts District, Office District, Casino District, Entertainment District and Union Park. **cre**



Universal CityWalk in Studio City, Calif.

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