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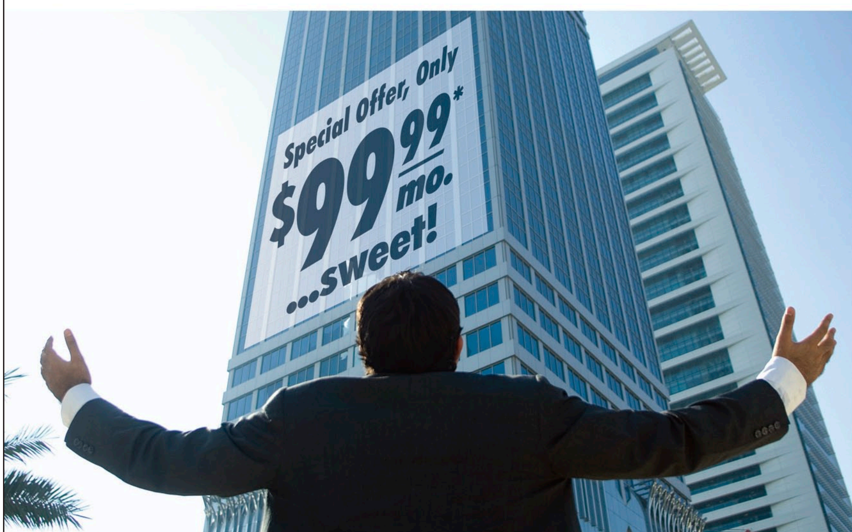

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From the editor ...

Dear readers,

When the largest gathering of shopping center professionals in the world converges on our city next week for their annual spring convention, they'll be in for a treat.

They get to see the flourishing Las Vegas market up close and personal. There's no city that has the growing retail market like Las Vegas. As our population figures continue to soar, so do our development projects.

The annual International Council of Shopping Centers (ICSC) convention (May 20-23) is expected to attract more than 50,000 people. There will be lots of networking, strategy talk, deals and discussion about the past, present and future of projects worldwide. Some of the success stories come from our fair city.

Our popular "Realty Check" columns are a great place to start. This is where we showcase the viewpoints of some of the top real estate experts in the city. If you are looking for insight from some of the industry's top local names, you find it here. You'll hear from architects and design gurus to presidents and partners at some of the area's top development companies.

Additionally, get a sneak peak at some of the newest retail developments planned here. You'll find stories about the Great Mall of Las Vegas, City Crossing and Town Square to name just a few.

Enjoy getting up to speed and learning about the future of the retail market in the Las Vegas Valley. 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.

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Southern Nevada Commercial Real Estate Guide

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ON THE COVER: The Forum Shops at Caesars Palace

A word from our sponsors...

Dear In Business Las Vegas readers,

Retailers and developers descending upon fabulous Las Vegas on May 20-23 for the International Council of Shopping Centers convention will notice some new players entering the market.

Having watched the retail scene diversify and evolve here, it's especially exciting to see national and international retailers — along with franchises that have never before had stores here — betting on Las Vegas.

Applied Analysis, a Nevada-based economic and real estate research firm, reported retail vacancies of only 2.5 percent, compared to 7.7 percent nationwide. Brian Gordon of Applied Analysis told us that 1.8 million square feet of retail space came online in the first quarter of 2007 alone. And we hear from the Nevada Development Authority that retail sales are up a staggering 125 percent from 1996 to 2006.

Retail has always been part of our firm's portfolio, but we have never before seen the diversity and critical mass in our retail portfolio that we have today. It's exciting! Our property management, brokerage and leasing teams are working with developers of new, ground-up commercial centers throughout the Valley, such as RCS Development and Omni Group Development, among others.

We are also proud to report that our company has leased space to the first Tesco grocery store in Las Vegas, which will soon open in one of our client's centers. Tesco is England's largest retailer and we welcome them with much enthusiasm.

For all of this expansion in our retail portfolio, I extend much credit and many thanks to our company's outstanding team, including Lannie Neal and the property management staff along with Rob Lujan and Jason Simon, who head up our leasing and brokerage division.

As you read through this retail-focused CRE edition, please join me in applauding our city's diversity and growth.

Frank Gatski, CPM, CCIM
President, Gatski Commercial Real Estate Services
www.gatskicommercial.com

Dear In Business Las Vegas readers,

ROEL Construction is proud to be a sponsor of In Business Las Vegas' 2007 Commercial Real Estate Guide focusing on the ICSC convention. It is very exciting to see more and more companies move into the area and watch the ones already here grow and prosper. We look forward to being one of the contractors who will build this fast growing region.

ROEL Construction's Las Vegas office is growing to be one of the area's top contractors since its inception in 1993. This office has taken its lead from a long history of contracting through long-term relationships with clients, subcontractors, architects and employees. ROEL employs the best of the best to deliver excellence in construction.

ROEL projects are run with a hands-on approach from our managers, engineers, superintendents and coordinators. Not a day goes by without a member of our team on the jobsite making sure things run smoothly.

ROEL employs more than 350 people between its San Diego headquarters and thriving offices in Irvine, Palm Springs, Las Vegas and Bullhead City, Arizona. Because of the extraordinary staff at ROEL, we have received numerous awards including the American General Contractor of the Year honor (eight times) and the Large General Contractor of the Year from the American Subcontractors Association (also eight times). This year, McGraw-Hill's Engineering News-Record – considered the "Bible" of the construction industry – ranked ROEL No. 186 among the nation's 400 largest general contractors, based on 2006 construction revenues.

This family-owned company will continue to rise above the rest and deliver excellence in construction for years to come, and as the market grows and changes, so will this powerhouse contractor with a heart.

Wayne Hickey
CEO
ROEL Construction Company

Realty Check Meet the experts

DAVID COHEN

President – Green With Ease

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

DAVID JEWKES

Managing Director/Broker — Burham Real Estate*ONCOR International

David Jewkes brings more than 20 years of real estate management and transaction experience with specific expertise in corporate growth strategies. He is affiliated with numerous national and community-based realty associations including ICSC, NAIOP, National Association of Corporate Real Estate Executives (NACORE), Institute of Real Estate Management (IREM), American Society of Asset Managers (ASAM) and International Real Estate Institute (IREI). Jewkes also maintains a real estate brokers license in Utah, California and Nevada.

JOHN RESTREPO

Principal – Restrepo Consulting Group

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

Dear In Business Las Vegas readers,

Investors remain focused on Las Vegas and it continues to lead the nation in economic expansion, creating a boon in commercial real estate opportunities. More than 32,000 new jobs are expected by year's end, a 3.5 percent jump over last year More than 6,500 new hotel rooms are slated to come online by year's end, which is five times the number in 2006. As a result, employment in the leisure and hospitality sector alone is expected to expand by 11,200 positions. A significant portion of Las Vegas retail spending comes from tourists who continue to flock here generating an anticipated 7 percent jump in retail spending this year.

A steady stream of out-of-state capital to Las Vegas is forecast as investors seek alternatives to higher-priced West Coast markets. The Las Vegas retail construction pipeline is expected to remain full throughout the year. With 3.2 million square feet in the works, inventory will increase by more than 50 percent. All this makes retail property owners hesitant to sell as cash flows continue to improve.

As the nation's largest commercial real state firm focused exclusively on investments, Marcus & Millichap Real Estate Investment Services facilitates more transactions annually than any other firm. A combination of superior local-market expertise, an extensive network of buyer, seller relationships, and a powerful marketing platform allows our Las Vegas investment specialists to help investors access the best investment properties and capital sources.

Many investors are leveraging the 1031 exchange vehicle to enhance real estate portfolios and/or execute investment strategies. One of the most active exchange transaction sources, Marcus & Millichap's has sucessfully helped clients navigate the issues associated with exchanges, while maximizing value. Our investment specialists help plan exchange strategies and locate the optimal properties to meet their investment objectives.

John P. Vorsheck
Regional Manager
Marcus & Millichap Investment Services

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Cox Business Services is extremely pleased to be a sponsor of the Commercial Real Estate Guide. We welcome all of the attendees of the ICSC to Las Vegas and hope you enjoy features in this CRE issue.

Cox Business Services

LARRY SINGER

Vice President, Director of Corporate Services – Coldwell Banker ETN

Larry Singer is a 30-year veteran of commercial real estate and is consistently one of Coldwell Banker Commercial ETN's top-producing agents. He is responsible for business development on a local and national basis. He received Coldwell Banker Commercial's prestigious Circle of Distinction Award in 2002 and 2004. He has served as chairman of the Lied Institute of Real Estate Studies at UNLV, is a past president of the business council of the Las Vegas Chamber of Commerce and has served as a Chamber of Commerce trustee.

NELSON TRESSLER

Senior Vice President, Retail Group — Grubb & Ellis|Las Vegas

Nelson Tressler has more than eight years of commercial real estate brokerage experience and has more than $300 million in sales and lease transactions. In 2006, Tressler was the top producing retail broker for Grubb & Ellis Company nationally, received the Circle of Excellence designation, a prestigious award based on annual gross production and excellent client service, and earned the Advisor of the Year award for the Las Vegas office. He has established valuable relationships with many of the largest and most reputable developers in Las Vegas.

JORDAN WIRSZ

CEO/Chairman — Diamond Bay Investments

Jordan Wirsz's Diamond Bay Investments, Inc. is a Las Vegas-based private lending firm that finances commercial real estate transactions nationwide. Wirsz and his company are responsible for hundreds of millions of dollars in successfully funded real estate projects. Wirsz is well recognized in the local Las Vegas community and is a highly sought-after speaker in addition to the author of a new book, "The Maverick Millionaire." He recently received the Young Entrepreneur of the Year award from the Small Business Administration for 2007.

The Gathering Place

Clock Tower developments bringing mixed-use to west Henderson and southwest Las Vegas

By Lisa McQuerrey
Contributing writer

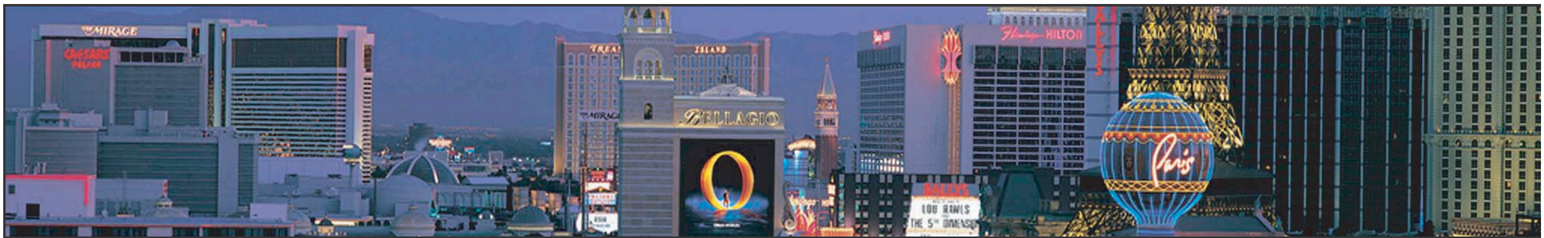
Mixed-use development projects are popping up across the Valley, many with an eye toward attracting tourists. Citation Property Group, a development firm based in Queenstown, New Zealand with offices in Las Vegas, is launching large-scale projects aimed at serving residents in two of the Valley's most notable master-planned communities: Green Valley and Summerlin.

The $225 million, 536,000-square-foot Clock Tower at Seven Hills (Henderson) has been in the design phase for three years, according to Zack Hussain, leasing broker with CB Richard Ellis/Las Vegas.

"They're looking to create something other than 'big box' retail in west Henderson," said Hussain, noting that the project will feature nine or 10 world-class restaurants that essentially establish a central gathering place and "hub" for food and beverage offerings. "We're in negotiation with several big-name restaurants," said Hussain, who also noted another component of the project will include a four-star boutique hotel, 300 luxury condos and an upscale mix of neighborhood retail that he says will become "the pride of Henderson."

"There's a huge void," said Hussain,

Clock Tower
at Spanish Trails



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adding that the project is likely to complement, rather than compete, with the nearby District at Green Valley Ranch. "Several retailers who want to get into The District but can't may very well come here," he said. "It's going to be a much better location with easy access to The Strip and the airport. It's going to give residents in this area a lot more choice."

Hussain said in addition to providing residents with unique dining and retail amenities, the Clock Tower project will also allow retailers to become part of the neighborhood and establish their identity, which in turn will spur economic growth in the area. The Clock Tower at Seven Hills will feature a European/Italian-style look and feel with a village atmosphere. The project will be constructed on 11 acres fronting St. Rose Parkway at Seven Hills and will boast 65,000 square feet of retail, 37,000 square feet of restaurants and 30,000 square feet of office space. The architect of the commercial and hospitality components is Gensler of Nevada and the residential component is being designed by JMA. Construction will begin this summer.

Clock Tower at Seven Hills has been in the design phase for three years.

Under construction in the southwest corner of the Valley, The Clock Tower at Spanish Hills, located on Fort Apache at Hacienda, is a $150 million, 10-acre, 545,000-square-foot mixed-use development with 308 luxury condominiums, 55,000 square feet of retail, 35,000 square feet of restaurants and 53,000 square feet of office space. The project architect is JMA of Las Vegas.

Hussain says the Summerlin project will provide an alternative to the massive retail development currently taking place on Charleston Boulevard, creating a "city within a city" to serve residents with upscale dining options while employing a "lifestyle center" concept that establishes the development as a neighborhood meeting place.

"We're creating pockets of self-sufficiency inside local neighborhoods," explains Hussain. "We're bringing in amenities and creating a sense of place. There's good access to I-215, making this a great addition to the southwest."

The Clock Tower at Spanish Hills will differ dramatically in design from its sister project in Henderson, employing more of a sleek, modern, contemporary look and feel.

"Citation Property Group is known for holding a property for a long time and making a real investment in the communities they serve," said Hussain. "They are creating truly remarkable developments that have timeless designs."

In addition to providing amenities to two of the fastest-growing residential areas of the Valley, Hussain cites other benefits to retailers doing business in Southern Nevada.

"Nevada, especially Las Vegas and Henderson, is very business-friendly and offers a number of tax benefits and incentives. In addition, because Las Vegas is a popular tourist destination and attracts hundreds of thousands of conventioneers every year, we give retailers an even larger customer base."

The Citation Property Group/Las Vegas office opened in late 2005 to facilitate the company's entrance to the U.S. market. Current plans call for the company to bring three projects per year to the Las Vegas market. cre

Commercial finance: the hard money option

Jordan Wirsz
Diamond Bay Investments

Commercial real estate in Las Vegas has been booming since the word "booming" was invented, and optimism has been a cornerstone of Las Vegas culture since the days of Bugsy Siegal.

The rapid Las Vegas growth has always attracted people – hungry people, people who want to amass fortune and fame. "What does this have to do with commercial real estate finance?" you ask. A lot. The Las Vegas Valley has been home to the most optimistic and entrepreneurial commercial development in the world and the Las Vegas Strip is a prime example.

However, financing commercial projects in Las Vegas can be difficult. A surprisingly large number of projects have been financed by "private-money," sometimes called "hard-money" lenders. With a declining residential real estate market and a relatively high-priced commercial market, traditional banks are looking at commercial finance as a smaller part of their business than it has been over the past few years. When banks tighten their lending guidelines, developers and owners suffer.

More and more small-to-mid-sized land acquisition and commercial development companies have turned to hard-money lenders as a primary resource for funding deals. When banks and primary lending institutions are throttling back, the private-money world is gearing up for the next wave. The major difference between bank financing and hard-money financing is the core ideology of how and why to lend. With the price of Las Vegas real estate, many developers find themselves leveraged, that is, "less than flush" with cash. Banks like to see a tremendous amount of liquidity and low leverage on a balance sheet, whereas hard-money lenders look for a strong loan-to-value ratio (LTV) and high probability of a good exit from the loan.

Because Las Vegas Valley banks continue to be bought and sold, one big fish swallowing another so to speak, it can be difficult to establish financial relationships in order to get a loan. Often, it's easier to deal with a hard-money lender which is generally a smaller organization that thrives on building relationships with good quality borrowers. It is often the private lenders, not banks, that have funded much of the land acquisition in Las Vegas over the last decade.

Today, I see more land deals coming to fruition with private/hard-money lenders. The reason? Banks can often take months to underwrite and close (or deny) a deal. But hard-money lenders can (and often do) make a decision in a matter of days. When timing is important, and especially in Las Vegas' fast-paced environment, more and more borrowers look to private-money sources.

In a good market, most mid-balance commercial lenders ($1 to $10 million) look to be in the 75 to 80 percent or less LTV range. With the slowing market, many commercial banks are pulling back and staying a bit more conservative in the LTV area, often around 65 to 70 percent. Hard money, by the same token, looks at a maximum of 65 percent, which is in line with the present market conditions and even competitive with many bank loans. Some small-balance commercial lenders will go a bit higher, but in the multi-million dollar value range, lower LTVs are common. The mid-balance commercial size transactions seem to be the sweet spot of the Las Vegas market.

> It is often the private lenders, not banks, that have funded much of the land acquisition in Las Vegas over the last decade.

For short-term transactions (6 to 18 months), hard money makes sense to many people. The interest carry and other costs associated with this type of financing generally prove to be too prohibitive for a long-term play, but is a very reasonable solution to a short-term acquisition or construction loan. Getting a typical, long-term, commercial-market interest rate is more important now than ever. Making properties debt service and cash flow is the name of the game in real estate, although, initially, it sometimes takes a higher cost structure to get the better, lower-rate financing down the road.

Financing is one of the most important parts of commercial real estate transactions because it can make or break a deal. And when time is of the essence, few buyers/developers can afford to count on iffy financing prospects. It's a good idea to broaden your scope of knowledge and consider private money as another resource another tool in your toolbox.

Whether you are a realtor, a developer, land acquisition company, private investor or contractor, knowing about private-money financing can be worth its weight in gold. cre

The Park at Northpointe brings more than 53,000 square feet of class A office/retail space to North Las Vegas.

Slick new buildings enhance North Las Vegas image

Park at Northpointe's first phase of 10 buildings complete

By Brian Sodoma
Special Publications writer

North Las Vegas has something new to brag about. As one of the fastest-growing cities in the nation, retail and office services are starting to catch up with the city's explosive residential growth. And with the addition of slick, new buildings to host these services, the community's leaders say each of them help the city take one more step towards distancing its image from its low-rent past.

One such example of this shift is the recently completed first phase of The Park at Northpointe, developed by Glen Smith & Glen Development, which has developed The Park at Spanish Ridge and The Park at Warm Springs, in Henderson, and is also finalizing details on Sullivan Square, a large, mixed-use development in the southwest valley.

For Sharon Powers, president of the North Las Vegas Chamber of Commerce, The Park at Northpointe is an example that "proves how much North Las Vegas is marketing itself" and building its reputation as a safe, economically-viable place to work and live.

Located on the east side of Martin Luther King Boulevard between Craig and Alexander roads, the Park at Northpointe's first phase has 10 buildings, five of which are already sold. Discussions with prospective purchasers of three other buildings are in the works, said Glen Smith & Glen principal, Kenneth Smith. The remaining two buildings have frontage on Martin Luther King Boulevard and will serve as lease space for retail tenants who need smaller units, but need them quickly.

"You know how it is with many of these retailers who need smaller spaces. They all say 'I need 2,000 square feet and I need it yesterday,'" added Smith.

A husband-and-wife doctor's office team and Pentagon Studios were two of the first five building's buyers. Lease prices are in the neighborhood of $2.05 per square foot, while purchase prices range between $1.85 and $2.05 per square foot, said Suzette LaGrange, broker for the project with Colliers International.

"This project was modeled after the Park at Warm Springs," LaGrange added. "We took a successful project and we're pleased to bring it here."

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The Park at Northpointe has Martin Luther King Boulevard retail frontage.

and, in 2005, won the Small Business Office Park of the Year Award from the National Association of Office and Industrial Properties (NAIOP). The project is located on the southwest corner of Warm Springs Road and Gilespie Street, across from the McCarran International Consolidated Rental Car Facility.

Office space at The Park at Northpointe is available for lease from 1,600 to 7,200 square feet. Tenants have either the option to buy an entire building or lease part of one. Glen Smith & Glen has used the buy or lease model for its other commercial projects.

“We’ve done it with all our parks. It’s been a bit of a craze, and people like the quality of our sites. So, some of them like to have the equity and have something later, rather than rent for 30 years,” added Smith.

The Park at Northpointe also boasts a Summerlin and Henderson curb appeal, only it will be close to home for North Las Vegas residents, Smith pointed out. Site amenities include stone exterior accents, lush landscaping for a park-like atmosphere, covered parking, a building owner’s association with CC&R controls, among others.

“People want to be at Hughes Center, but they want that type of product in a smaller environment, closer to home. It gives you the professional feel of the higher end and we bring it down to bite-size pieces. That’s sort of the niche we’ve carved out,” said Smith.

In total, the first phase offers 53,600 square feet of office/retail space, while the 8-building second phase will offer 45,600 square feet. Smith expects deals to wrap up quickly for the remaining first-phase units, but isn’t sure when second-phase construction will commence.

“In a way, it’s a lot like model homes. Once people can kick the tires on one, it’s a lot easier to pre-sell them [phase two units],” Smith said.

LaGrange and Smith both said the office park is the third tier of development needed in this particular area. With newer homes and established communities already in the area, retail along the Craig Road retail corridor has sprung up over the past two years. Now, professional services requiring office space are the logical next step.

LaGrange gave two reasons why The Park at Northpointe hasn’t been a tough sell.

“A good selling point has been that there is a lot of frontage on Martin Luther King Boulevard. We’re also pretty much equidistant from the freeways [the I-15 and U.S. 95]. Tenants really like those things,” LaGrange summed up. cre

LogistiCenter finishing fourth building

By Brian Sodoma
Special Publications writer

Through the years, time and energy has gone into sprucing up North Las Vegas' image and economic development officials look to use the city's wealth of industrial land to court strong corporate residents, hoping they will offer high-paying jobs that allow North Las Vegas residents to both work and afford a home in their own city.

North Las Vegas' economic development director, Mike Majewski, said when the city was eyeing the establishment of the Cheyenne Technology Corridor and planning the Aliante master-planned community, the objective surfaced to use the city's reasonably-priced land to attract businesses that would offer high-paying jobs.

"We wanted to have what we termed a deployment center close to … [Aliante] with higher-skilled jobs … [resulting in] people who could afford the housing in a master-planned community," he said.

One such example is LogistiCenter at Gowan and Pecos roads, a master-planned business park that will ultimately house more than 2 million square feet of industrial space. Park developer, DP Partners, a national group with developments in Reno, Chicago, New Jersey and Pennsylvania, is putting the final touches on its fourth building, a 513,240-square-foot shell that should be ready for tenants this summer. Ben Myers, regional manager with DP Partners, said the group is in talks with a tenant that could use about 300,000 square feet of the building, and others, but could not give specifics on who those others were.

Some of the current LogistiCenter tenants include: Bed, Bath and Beyond; scooter-maker, Pride Mobility; Purcell Tire; technology company, CDW; and Metals USA, a building product manufacturer. DP Partners is hoping to break ground on the fifth building, a 381,600-square-foot offering, this fall.

The first two buildings were 266,000 square feet each, the third and fourth each topped 513,000 square feet. CDW actually owns the third building, a departure from DP Partners' usual lease-only stance.

"Typically, we're lease only. But to get that deal done, we gave them the option to purchase and they exercised it," said Myers.

While the site is marketed as distribution facilities, some manufacturing is present. "LogistiCenter is really a distribution trademark we use," said Myers. "It's really kind of a cross section of needs being served in there."

Suzette LaGrange, a broker with Colliers International, said LogistiCenter has unique characteristics that make it work for anyone looking to satisfy distribution or manufacturing needs. "These are very flexible cross-dock buildings … [with] docks on either side … Product can come in through one door and right out the other. A lot of distributors like not having to use the same door for everything," she said. "There's also the flexibility of the space. You can get sizes from 42,000 square feet on up to 500,000 square feet."

Lease rates at the park range from the high 30-cent range to the mid-40s, per square foot. Myers said the rates are a bit of a jump from the low 30s industrial space commanded only two years ago.

"Historically, North Las Vegas has always been the low-price leader ... [in] land pricing. But that dynamic's changed the last two or three years," he said, while adding that industrial lease rates would climb to keep up with higher construction and land costs.

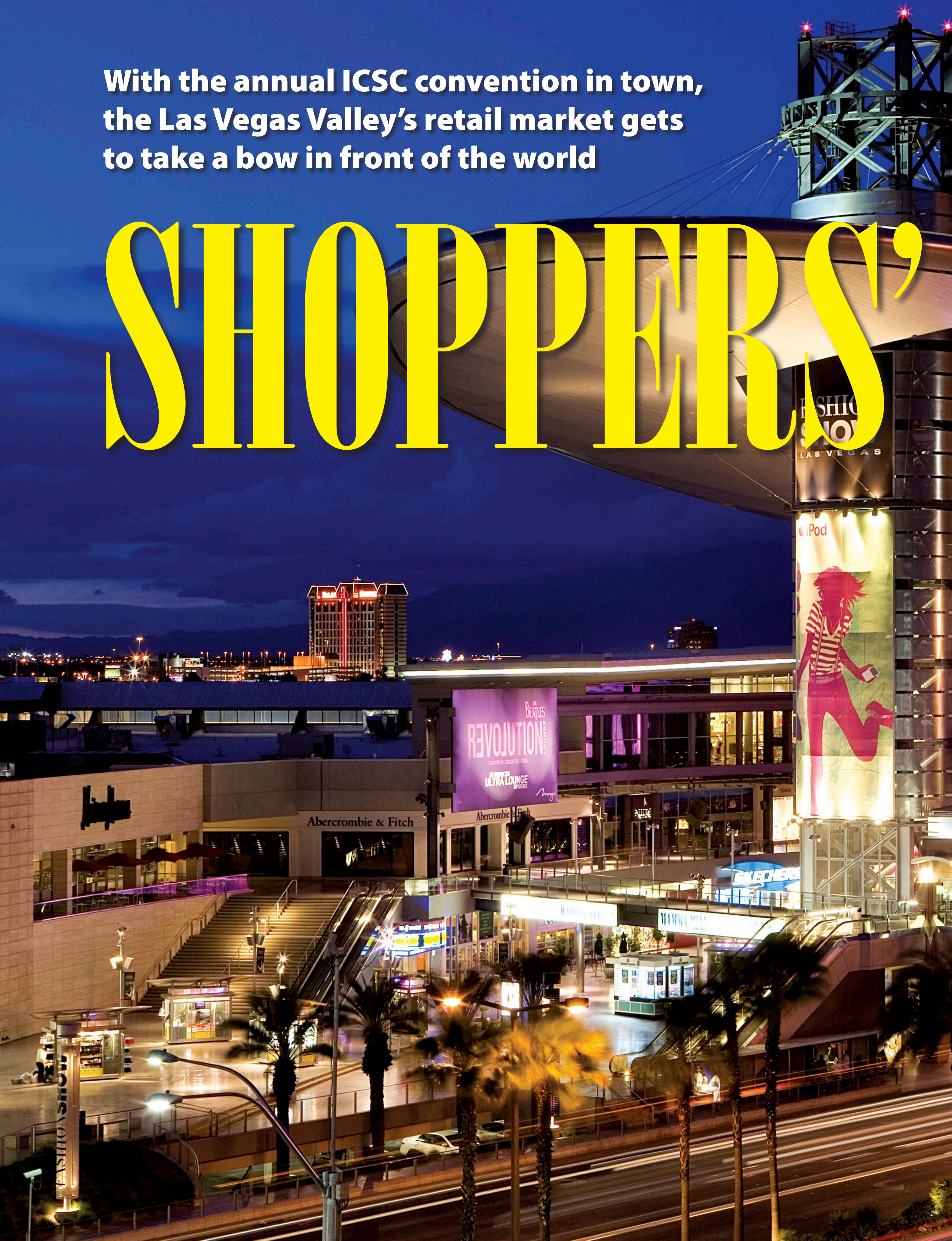
According to figures obtained from Kevin Higgins, a senior vice president with Voit Commercial Brokerage, today's North Las Vegas industrial land prices range between $400,000 and $500,000 per acre for parcels ranging from 10 to 40 acres, or about $9-$12 per square foot.

Myers said DP Partners purchased the land for roughly $3 per square foot in 2003. He adds that some businesses may ultimately be driven out of the market because of increases in land price and subsequent lease rates. "My logic says that … when the costs exceed the benefits … we will lose some people … ," he said.

Even with escalating land prices, Majewski said there will be considerable industrial land development. With the presence of Nellis Air Force Base, base representatives and the North Las Vegas City Council stick with industrial zonings for land parcels near the base. "It [the industrial zoning] creates a situation where residential [developers] can't get in there and drive the price up more," he added. cre

With the annual ICSC convention in town, the Las Vegas Valley's retail market gets to take a bow in front of the world

SHOPPERS'



PARADISE


THE CAPITAL GRILLE
AT THE EDGE OF FASHION
IN THE HEART OF VEGAS
FASHIONSHOW
LAS VEGAS
AT THE EDGE OF FASHION
IN THE HEART OF VEGAS
TRUMP

Though slower, the Las Vegas Valley's economy continues to grow

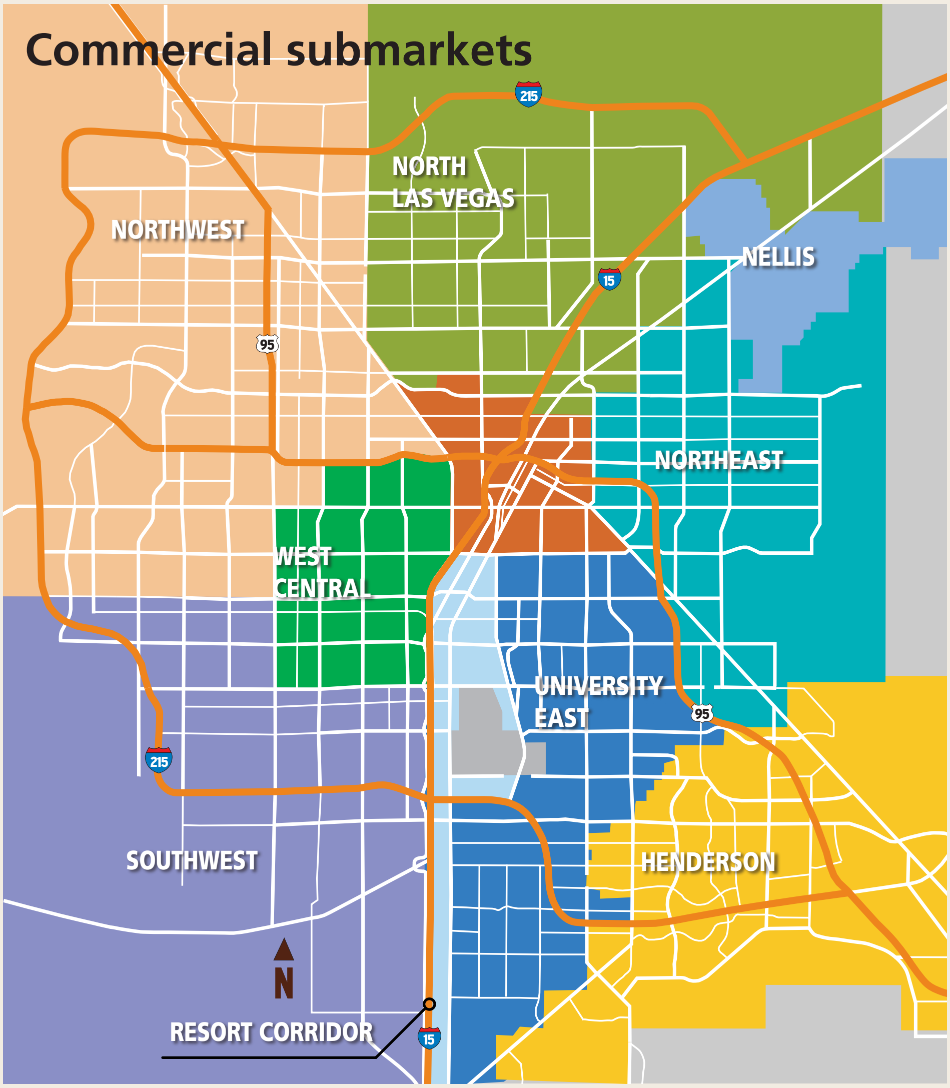
By John Restrepo
Principal
and
Maria Guideng
Economic Researcher
Restrepo Consulting Group LLC

In 2006, the Las Vegas Valley's economy continued to grow, though at a slower pace than it had in prior years. And despite the concerns of rising interest rates, high gasoline prices and a cooling housing market, the Valley's retail market remained strong. A variety of factors during the last several years were the foundation for the health of the local retail market. The market's stellar performance can be attributed to the continual population growth, which still ranks among the highest in the nation; massive business investment, especially along the Las Vegas Strip; and strong job growth. These factors were, in turn, the catalysts to the Valley's speculative, anchored retail center inventory growing by 58% between 2000 and 2006.

However, the Valley's retail market has seen some challenges, the primary one being the current historically-low U.S. personal savings rate of -1.4%, which, while not Valley-specific is of some concern. The nation's aggregate savings rate was negative in 2006, reaching the lowest levels in over 70 years.

Conversely, Clark County has seen positive growth in taxable retail sales largely because of the construction boom combined with strong tourism.

A look at activity in the Valley's anchored retail market in 2006 helps us understand where we ended the year, and what we can expect to see in 2007.



Retail vacancy continued to drop

According to data compiled and analyzed by Restrepo Consulting Group LLC (RCG) and Colliers International (Colliers), the Valley closed 2006 with an anchored retail inventory of over 37.5 million square feet (sf) in 239 anchored-retail centers, with just over one million sf of vacant space. Vacancies fluctuated in a tight range during 2006, hovering between 3% at the beginning of the year and 2.8% recorded at the end of the year (see chart on page 26). At 2.8%, the retail market is essentially at full occupancy, the lowest of the Valley's three commercial markets.

John Restrepo
Restrepo Consulting Group

All of the Valley's anchored retail products experienced a drop in vacancy during 2006. Power Centers (dominated by several large anchors) comprised 7.7 million sf, or 20% of the inventory, and had the lowest vacancy at 1.3%. Neighborhood Centers (usually anchored by supermarkets and providing convenience shopping for day-to-day needs) contained 14.1 million sf, or 38% of the Valley's inventory, and had the highest vacancy at 3.3%. Community Centers (generally anchored by supermarkets and discount department stores selling apparel, home improvement/furnishings, toys, electronics or sporting goods) comprised of 15.8 million sf or 42% of the Valley's total anchored retail space.

Significant supply added

Retail developers responded to the tightening markets by adding a total of 2.2 million sf of space in 2006, increasing the Valley's anchored inventory by


OPTIC
GALLERY
THE DISTRICT

over 6%. Completions in 2006 were a marked improvement over 2005, when only 733,600 sf of anchored retail was completed, and over 2004 when there were 1.4 million sf of completions (see chart on page 26). In fact, more retail space was added in 2006 than both 2004 and 2005 combined. This new space was divided between neighborhood centers (1.35 million sf) and community centers (869,700 sf), while no new power centers were completed for the third year in a row. The top four submarkets for completions were southwest (699,553 sf), North Las Vegas (568,281 sf), university east (325,000 sf) and northwest (220,000 sf).

Pent-up demand

Absorption and completions in the Valley's anchored retail market are typically in-line with each other, because anchored retail projects are completed with a high level of occupancy, as the anchors are typically "captured" before the projects are completed. Annual retail net absorption (the change in occupied space between two time periods and factoring in space vacated) in 2006 was 2.23 million sf, exceeding new completions by just over 8,600 sf. This resulted in a matched absorption-to-completion ratio of 1-to-1, or 1 sf of demand for each square foot of supply built for the year.

Not surprising, net absorption was highest in the southwest with 704,800 sf, or 32% of the Valley's 2006's total net absorption. North Las Vegas followed with 476,400 sf (21%), university east with 388,200 sf (17%), northwest with 305,700 sf (14%), Henderson with 244,000 sf (11%), downtown with 97,900 sf (4%) and northeast with 87,800 sf (4%). The only submarket to experience negative net absorption for the year was the west central with a negative 73,500 sf. Among the three types sf centers we traced, community centers with 856,700 sf and power centers with 46,100 sf.

Rents on the rise

Anchored retail rents recorded by RCG and Colliers are based on information reported by owners and brokers about their available vacant space at the time of the firms' quarterly surveys. As such, we recorded a $0.05 increase in the Valley's average monthly retail rent to $1.66 per-square-foot NNN (psf) at the end of 2006, from $1.61 at the end of 2005.

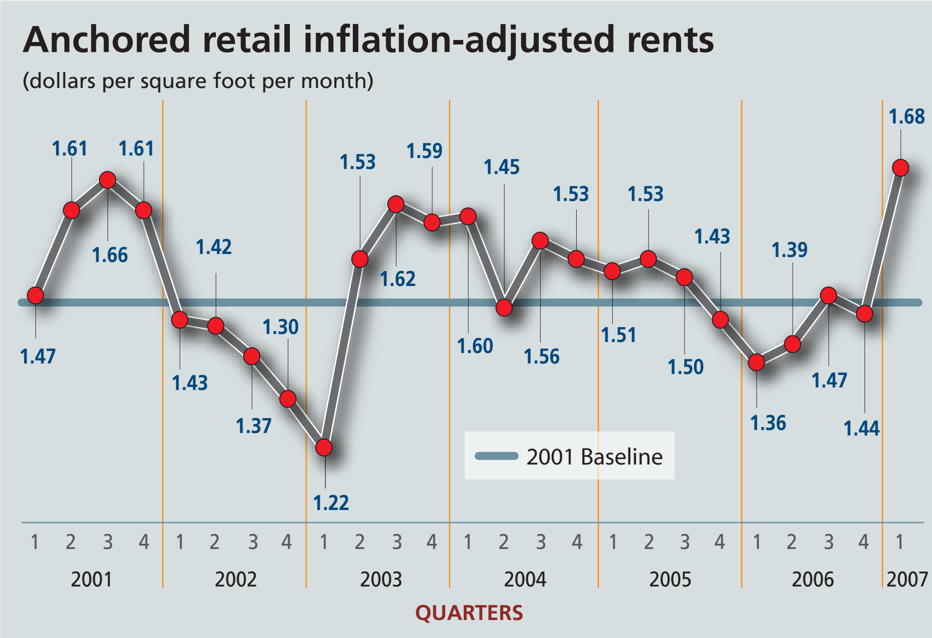
As expected, more recently built retail projects demanded higher rents. The asking rents on projects completed between 2003 and 2006 had an average monthly rent of $2.45 psf at the end of 2006. Projects built between 2000 and 2002 averaged $2.06 psf, while those built between 1995 and 1999 averaged $1.52 psf. Projects completed prior to 1995 averaged $1.30 psf.

The only submarkets to experience a decrease in average asking rents from 2005, downtown ($0.24 drop) and west central ($0.47 drop), also had the highest vacancy rates in the Valley. Asking rents in North Las Vegas, which had the third highest vacancy, remained unchanged and remained the highest at $2.51 psf. Average asking rents increased in the remaining submarkets, with the most dramatic increase ($0.41) in northeast. By product type, power centers had the highest asking rent at $1.77 psf while community centers had the lowest at $1.57 psf.

In real (inflation adjusted) terms, increases in anchored retail rents in the Valley since Q1, 2001 have been restrained. According to the U.S. Department of Labor, the consumer price index for western urban regions rose by 15.2% between 2001 and 2006. Adjusting year-end 2006 average rent for inflation resulted in the $1.66 psf noted above to drop to $1.44 psf — the asking rent at the beginning of 2001 was $1.47 psf. This means that real rents were actually below the asking rents of 2001 (see chart at right).

Moving forward in 2007

The strong performance of 2006



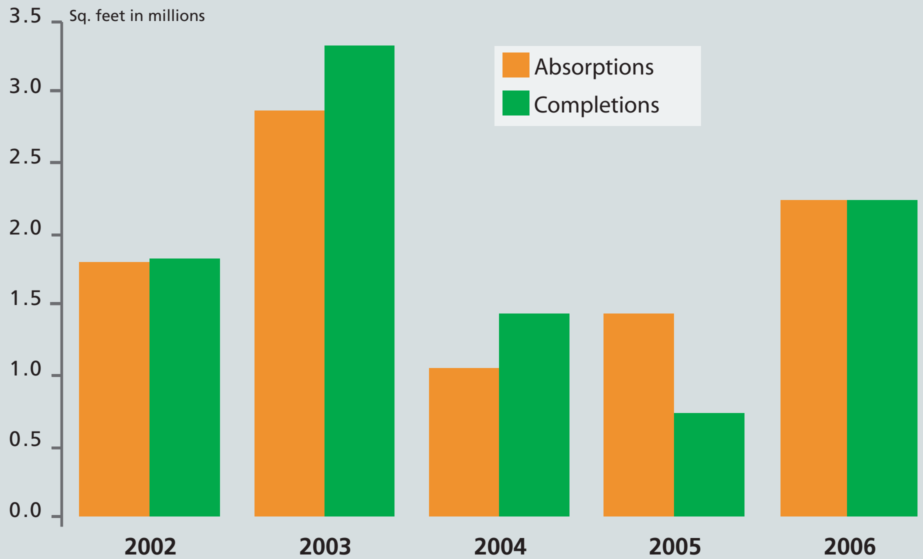
continued into the Q1 of 2007 with more than 943,000 sf of new space being introduced. The high level of demand for anchored retail space pushed the overall vacancy rate down further to 2.7%, the lowest rate seen since third quarter 2002, when vacancy was also at 2.7%. This drop can be attributed to the lack of major store closings during the quarter and strong leasing activity, with over 940,200 sf of space being absorbed in Q1, 2007.

Q1, 2007's anchored retail market remained virtually unchanged from that of 2006, with the exception of rents. The average asking rent for the Valley shot up in Q1 to $1.95 psf, a $0.29 increase over 2006's $1.66 psf. Again, after adjusting for inflation, the $1.95 psf equaled $1.68 psf, a $0.21 increase over the reported 2001 average baseline rent. The university east, southwest and northwest submarkets experienced the most dramatic increases — $0.60, $0.54 and $0.40, respectively.

The two key factors contributing to the trend of increasing real retail rents seen in the Valley are land prices and increasing construction costs. The former has had a considerable effect on all development sectors during the past two years, because of increasing land supply constraints. The latter involves the on-going demands on retail developers having to compete with other development sectors for supply-constrained labor and materials, as well as the requirement to build higher-quality buildings in the ever-changing retail market. This has led to higher construction costs. The result is a continued rise in retail rents.

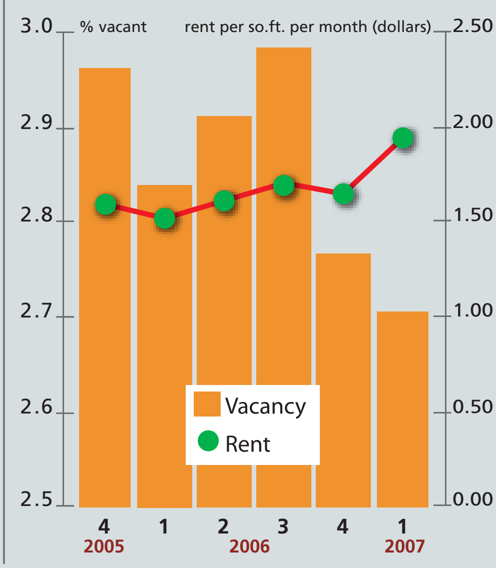
Since population forecasts for the Valley still call for continued growth, ongoing demand for retail space is expected, particularly in the high growth areas of the southwest and North Las Vegas. With the completion of the I-215 Beltway, the southwest is easily con-

Valley anchored retail net absorption vs. completions



Retail vacancy vs. rents

(Anchored retail centers by quarter)



nected with Summerlin and Henderson. As such, the area is poised to expand dramatically during the next several years. As of Q1, 2007, the southwest had 228,000 sf of anchored retail space under construction, and the prospect for an additional 1.2 million sf of retail product to come online during the next two to three years. Not only will the area's residential communities benefit, but so will the southwest's rapidly growing employment centers. North Las Vegas is also experiencing a surge of growth in anchored retail inventory. In total, there were over 874,800 sf of new retail product under construction at the end of Q1, much of it located just east of the 215 Beltway near Centennial Parkway, with the prospect of another 985,500 sf in the planning stages.

Forward retail supply Valley-wide was robust in Q1 with over 1.45 million sf of space under construction, while another 2.9 million sf was in the planning stages. If you were to divide the Valley's forward supply plus the 1 million sf of vacant space in existing retail centers at the end of Q1, 2007, (a total of 5.4 million sf), by the 557,900 sf of average quarterly absorption recorded in 2006, the result would be a 2.5-year supply of prospective anchored retail space to meet the needs of the Valley's growing population.

Those centers that came online in 2006 did so with much of their space being pre-leased, leading to strong absorption numbers and reflecting the need for retail services and products of all kinds by the Valley's rapidly growing population and business sector. We expect that as new anchored retail product is completed in 2007, it will be absorbed quickly.

All in all, the Valley's multi-tenant anchored retail market should see a tight supply-demand balance in 2007, causing further increases in rents, and despite significant additions of new space, will still see very low vacancies — an issue that bodes well or ill, depending on whether you are a retail developer or a retail tenant.

Visit the company's Web site at www.rcg1.com.

Town Square developers eye fall opening

By Brian Sodoma
Special Publications writer

Town Square is set to become the South Strip's big story this fall. The mega-sized $750 million open-air retail center is on schedule to open its villages, streets and boulevard to Las Vegas locals and tourists just in time for the holiday rush.

With brisk sales at area condo projects and increasing traffic flow in the area, many say it's a perfect time to bring in more retail and office space. And Town Square will bring a healthy dose of both.

"Right now with working down here, there just aren't a lot of [retail] options," said Mike Wethington, general manager for Town Square, and an employee of Turnberry Associates, who is developing the site with Centra Properties.

Artist's rendering of Town Square

Town Square will have more than 150 retailers, 12 restaurants and 350,000 square feet of office space, up from the 200,000 originally slated when a hotel was considered for the property. Some of the current tenants include: Tommy Bahama; Claim Jumper and Flemings; Whole Foods Market; Borders Books; Apple Store; Abercrombie & Fitch; and Robb & Stucky, a furniture store. Eighty percent of the retail space is committed, said Wethington. The project will also be divided into retail zones, such as fashion, furniture, entertainment, Gen Y and others.

Robb & Stucky and theatre operator,

South Strip's Town Square is slated to open in the fall, just in time for the holiday rush.

RAVE, who will bring an 18-plex to Town Square, are making their Valley debuts, something they have in common with more than a few tenants at the center. "A lot of these retailers are bringing their first concept in this market," Wethington added.

Town Square was originated as a 100-acre site, but then added the 17-acres where Fry's Electronics is currently located to its plan. Fry's will be considered an anchor and developers are adding a $5 million fly-over ramp on Las Vegas Boulevard to allow traffic to flow directly onto the roadway between Town Square and Fry's. In addition, Turnberry and Centra are adding another $7 million in street improvements to Las Vegas Boulevard. Clark County traffic engineers estimate a nearly ten-fold jump in automobile traffic in front of the center from the current 6,800 cars that pass through daily. The fly-over should be finished this summer.

"This is all designed to mitigate traffic concerns. People should be able to get in and out easily," added Wethington.

Located on the site of the old Vacation Village Hotel and Casino, Turnberry purchased the site for $25.5 million in 2004, from investor Shawn Scott, who bought it out of bankruptcy in 2002. Overall, experts seem to think the project's strong tenant mix and visibility should yield better results than previous business efforts.

> "From that building and going out, each building has a different look reflecting different years or eras, like a city growing out from its center."
>
> **Mike Wethington**
>
> General manager for Town Square

"It appears that they've been able to attract quality tenants," said Brian Gordon, a principal with Applied Analysis, a local economic research firm. "While there's no doubt that there are regional mall sites in Las Vegas that maintain better demographics with respect to residential density with people that live nearby full-time, the site has tremendous visibility [from I-15 and I-215] and it's really going to be more of a destination-based retail outlet [where] people are willing to travel [to get] there."

Wethington refers to the project's design as "a city within a city," with a mission-style building serving as the center, or starting point of the community. "From that building and going out, each building has a different look reflecting different years or eras, like a city growing out from its center," he said. "As you turn a corner, it's a new surprise."

Alan Mayer, a Boston-based architect who was brought in to help with the unique design elements of each building, said Town Square is designed to "replicate what would be an organic growth of the city center.

"To do something like this you have to have a story that makes some sense. So you originate with Spanish mission buildings in the very center. … Then, on the very north side is a very large building that keeps with the Mediterranean influence. Then on the south side is what becomes the sort of center of town with grander buildings and the boulevard. There you have these greenish, [art] deco buildings flanked by three-story building colonnades, very formal looking. This would have probably been done in the latter half of the 19th century," he said.

Mayer likens the southern portion Town Square to New York.

"In New York, you have the avenues and the streets," he said. "In the avenues, the buildings are longer and taller. In the streets, they're narrower."

"What's more important is the scale and intimacy in this shopping experience. The lighting and landscaping is different so what you get, as a whole, is an experience where different streets will have a very different experience in totality," he explained.

Town Square will also have a children's park, with a 90-feet-in-diameter grass area, a water feature, bandstand, and a $1 million tree, complete with its own tree house. The 30-foot tall tree will look Keebler-esque and likely have a rope bridge that connects from a platform to another play area. The developers are still making the decision as to whether they will use a real or man-made tree. "All along we figured it was going to need to be man-made, but we may have a chance to get a real one," Mayer said.

The play area serves as a transition to the entertainment district, where the movie theatre, bars and restaurants begin. A 24-Hour Fitness and Guitar Center will also be found in this west-end zone.

"It's fun, large-form architecture and has a very different sense of space and energy ... lots of activity. You've got this ... bundle of energy right in the heart of it," Mayer added.

Miracle makeover for Desert Passage

By Alana Roberts
Special Publications writer

Add people movers, a giant LED video screen and a completely remodeled interior and exterior and what you end up with is a $50 million makeover.

That's just what the owners of the mall formerly known as The Shops in Desert Passage are doing. They've traded a Middle Eastern-themed mall, with less than ideal access to the Las Vegas Strip, for a shinier, more contemporary counterpart. Further, the mall's owners have changed its tenant mix in order to appeal to a wider variety of shoppers.

It's now called the Miracle Mile Shops, and its owner, Boulevard Invest, wants to make sure people not only know what it is, but what it has to offer.

"What didn't exist before was the curb appeal," said David Edelstein, co-owner of the Miracle Mile Shops and president of New York-based Tristar Capital. "You didn't know what it was."

Boulevard Invest is a joint venture of Tristar Capital and RFR Holding, which purchased the mall for $240 million in 2004.

The 475,000-square-foot Miracle Mile Shops features 170 specialty stores and 15 restaurants. The mall's changes are similar to the larger makeover its neighbor Planet Hollywood Resort & Casino underwent.

"The changes to the mall are better tenants and a better tenant mix, better storefronts, merchandising, accessibility and great management," he said.

"We're going to drive traffic with the new hotel," he said. "[With] 15 million people coming to shop … the casino [will] pick up that traffic."

Exterior renovation on the Miracle Mile Shops is set for completion in June, while interior renovations will be completed in phases through the rest of the year and into 2008.

The mall will also feature entertainment. "We're putting in a laser show and we're doing a fire and water ... show," he said.

Edelstein credits strong leadership for helping to turn around the mall's performance. The mall attracted about 9 million shoppers in 2004, but he indicated that the mall's owners expect that number to jump to between 17 and 18 million shoppers by 2009.

"When we bought it in 2004, the mall had an average of [$400] in sales per square foot," he said, a figure that, according to the International Council of Shopping Centers, is close to the 2006 national average of $403 per square foot. Now, it averages $750 per square foot and the mall's owners expect it to grow to $1,000 per square foot in sales in 2008.

Leaders of the Miracle Mile Shops also plan to bring in more retail and dining tenants in the hope that the new mix of retailer and dining options will create a more dynamic atmosphere. They include Trader Vic's, a restaurant that features Polynesian-fusion food, Hawaiian Tropic Zone, a dining and nightlife destination that features swimsuit-clad servers who are featured in nightly beauty pageants, popular Swedish retailer H&M, women's retailer Marciano and Taverna Opa, a Greek restaurant.

With a growing selection of luxury retail available in Las Vegas, he said the mall's owners want to capture the middle-market shopper.

"We are the moderately-priced, mid-market mall," Edelstein said. "Out of the 40 million people that come here, 39 million fit our target [market]. [We're] approachable, accessible and shoppable. These are price points that everyone can afford."

He said the renovations are preparation for the upcoming expansion in gaming and hospitality options on the Las Vegas Strip with CityCenter and several other major projects set to come on line in the next few years.

"We think we'll have a burst of growth in 2009, and in 2010 you'll see another big burst of growth with hotel rooms and visitors," he said. "CityCenter is the driving force, along with [Encore], Echelon Place, Fontainebleau and the Cosmopolitan." cre

Outlet shopping options expanding in Las Vegas

By Alana Roberts
Special Publications writer

Outlet shopping in the Las Vegas Valley is expected to expand by Thanksgiving if Chelsea Property Group has its way.

The outlet center owner and operator plans to grow its 435,000-square-foot Las Vegas Premium Outlets by 30 stores, or 104,000 square feet of space, and is adding two parking garages. Construction on the expanded, outdoor-outlet center began last summer.

The Las Vegas Premium Outlets is located at South Grand Central Parkway, directly off the I-15 at the Charleston Boulevard exit — a stone's throw from the Clark County Government Center. The company also owns the indoor Las Vegas Outlet Center at Warm Springs Road and Las Vegas Boulevard. Chelsea is a subsidiary of the Indianapolis, Ind.-based mall developer Simon Property Group.

Chelsea purchased the Las Vegas Outlet Center in 2003, and that same year opened the Las Vegas Premium Outlets in partnership with Simon Property Group. Simon later acquired Chelsea.

Michele Rothstein, senior vice president of marketing for Chelsea, said since the Las Vegas Premium Outlets opened, the company has been pleased with its performance. She said a mix of tourist and local bargain-hunting shoppers are drawn to the center's designer and name-brand offerings.

Rothstein said the company is excited to be a part of the revitalization efforts in downtown Las Vegas and has believed in those efforts since the Las Vegas Premium Outlets opened.

"We … understood and agreed with … the mayor [Oscar Goodman] that this area had a great future and that it was ripe for revitalization and redevelopment," she said. "We were the first ones with the shovel in the ground. We're the first tangible evidence that, yes, this is an area that is going to be redeveloped and people will shop … [and] live here."

City officials are pushing a downtown revitalization effort that includes the much-anticipated 61-acre Union Park, a mixed-use development project; the expanded World Market Center; more residential, office and retail development; renovated downtown casinos and extended downtown entertainment venues at the Fremont East Entertainment District.

The city is helping to offset the cost of developing the project through tax-increment financing, according to the city's Web site. The city also used tax-increment financing to initially attract Chelsea Property Group to downtown Las Vegas.

Rothstein said that because the Las Vegas Premium Outlets have done so well with shoppers, retailers are now lining up to join the center's tenant list. She said that's why the company decided to expand.

"When we opened with 120 stores, that in and of itself is a strong number … and good critical mass to create an identity," she said. "We took a wait and see approach. This is a strong center. More stores want to come in."

Rothstein declined to say which stores are planned to go into the expanded portion of the center, but said they will be similar to the current mix of retailers. Las Vegas Premium Outlets currently has stores like Coach, Dolce & Gabbana, Kenneth Cole, Polo Ralph Lauren and A/X Armani Exchange on its tenant roster.

Outlet centers around the country have carved their niche and are holding their own. According to the International Council of Shopping Centers, factory outlet centers generated about $15 billion in retail sales in 2004, which was about .5 percent of total retail sales.

Patrick Done, director of retail services for the CB Richard Ellis Global Gaming Group in Las Vegas, said the Las Vegas Premium Outlets and Las Vegas Outlet Center are unique from many other outlet centers around the country because they're located within a major retail market. Typically, outlet centers are located on the periphery of major retail markets.

But, he said the two centers have benefited from Las Vegas' robust retail market.

"This is one of the most productive retail markets in the country [for] occupancy and sales per square foot," he said. "Very successful shopping centers … have [both] the visitor and local market segments. If you're fortunate enough to be in a market like Las Vegas, with the number of visitors we have here, and you get a fair share of that visitor count, you're going to be successful."

John Restrepo, principal of Restrepo Consulting Group, said outlet shopping is very popular and adds to the retail options Las Vegas has to offer.

"It's doing very, very well," he said. "The factory outlet niche is an amazing marketing story. It's one more shopping venue that people have."

Both of Chelsea's centers attract strong numbers of local and tourist shoppers, but each appeal to a slightly different mix, Rothstein said. While Las Vegas Premium Outlets attracts more international shoppers than Las Vegas Outlet Center, the latter attracts slightly more locals.

While Las Vegas Premium Outlets is undergoing expansion, she said Chelsea has worked to improve both of its Las Vegas centers. She said the company has upgraded its tenant mix at the Las Vegas Outlet Center, which added brands like Calvin Klein and Coach and is planning to open Timberland, Aeropostale, Ecko and Volcom this year.

Las Vegas Premium Outlets at South Grand Central Parkway

"As leases come up for renewal, we were able to bring in new stores," she said. "We've kept it exciting and fresh. It's not that our attention has been all on our shiny, new shopping center. That center [Las Vegas Outlet Center] has a distinct personality."

She said both of Chelsea's outlet centers in Las Vegas have proved to be strong performers.

"We had so much faith in the market that we bought the other outlet center," she said. "We felt there was room for both. They both are what we would consider to be successes for Chelsea." cre

An artist's rendering of the Beltway Commons Business Park.

Major retail developments flourish near the I-215 Beltway and airport

The I-215 Las Vegas Beltway now encompasses the entire Las Vegas Valley and is a welcome transportation solution for many people who, up to now, had to tolerate bottleneck, rush-hour traffic on surface streets. The beltway provides direct freeway access to a wide variety of shopping, dining, entertainment and outdoor amenities and when the beltway is expanded to five lanes (they say in the very near future), it will offer even more access to entertainment and shopping venues.

Commerce Retail Center

One of the venues popping up near the I-215 Beltway is the Commerce Retail Center, located at the southwest corner of Centennial Parkway and Commerce Street, in North Las Vegas. A 106,000-square-foot, single-story retail center built by Temple Development, the Commerce Retail Center has both pad and inline shop space available. Construction is in the final phase and is scheduled for completion second quarter 2007. Space has already been leased to Wells Fargo, Auto Zone, Taco Bell,

Nelson Tressler
Grubb & Ellis
Las Vegas

Tire Works and Temple Fitness Center, whose decision to lease may have been influenced by tenant improvements and free rent to leaseholders that qualify. The decision process may also have been impacted by new housing tracts nearby. Prospective leaseholders know that it's a smart business move to target North Las Vegas — the second fastest-growing city and one of the strongest retail submarkets in the United States today. As the area grows, there will be a solid demand for family-style restaurants, retail stores and all types of business services to support the rapidly growing community.

Prospective tenants at the Commerce Retail Center will be those looking for a multi-tenant location with spaces in the 1,000 to 5,000-square-foot range. Approximately 20 inline spaces are currently available starting at $2.00 per square foot and pad spaces at $2.25 per square foot. The property is actively being marketed to nutrition and health-related services, establishments that will fit well in the multi-tenant mix.

Beltway Commons Business Park

Another new retail center just off the I-215 Beltway is the Beltway Retail Center, an aptly-named 400-acre, master-planned, commercial project located in the southwest Las Vegas Valley, approximately two miles west of the airport. Cross streets are Jones Boulevard and Badura Avenue. The property is co-developed by Thomas & Mack Development and Los Angeles-based Majestic Realty and Michael Kammerling, Grubb & Ellis|Las Vegas senior vice president, retail group, has been appointed the exclusive broker.

The Beltway Business Park will feature numerous office and industrial buildings that total more than 1,000,0000 square feet. At build out, the Beltway Business Park could include up

Commerce Retail Center at Centennial Parkway and Commerce Street in North Las Vegas

to 4,000,000 square feet of commercial, office, industrial, distribution and retail space to meet the needs of expanding businesses and neighboring communities.

Ideally located to serve the area's professional and residential population, the Beltway Commons, a newly constructed 35,000-square-foot retail center, is the amenity gateway between a dynamic business park and its surrounding communities. Located at the Jones entrance to the park, Beltway Commons will offer a wide range of retail services in a convenient and architecturally distinctive environment.

Beltway Commons is the only retail and restaurant facility currently planned that will employ over 6,000 daytime employees. The retail center consists of five, single-story retail buildings with spaces ranging from 1,200 square feet to 11,900 square feet. Two buildings offer inline spaces for multiple tenants at 9,300 square feet and 11,900 square feet, two build-to-suit pads suitable for a restaurant or a commercial bank with up to three drive-through lanes.

Future tenants include Port of Subs, with plans to lease 1,300 square feet, and Starbucks, at 1,800 square feet. Estimated lease rates start at $2.75 to $3.50 per square foot. Construction for

The Silverado Ranch and Bermuda Retail Center is situated adjacent to the Silverado Ranch master-planned community.

phase one is scheduled for completion in the summer of 2007.

Retail centers offer convenience

Four additional prime retail centers, while not on the I-215 corridor, are advantageously positioned in high-density residential areas, and all are anchored by the Wal-Mart Neighborhood Market Centers.

The Lake Mead and Jones Retail Center, a 15,000-square-foot, single-story building, is currently under construction and is located just south of the southwest corner of Lake Mead Boulevard and Jones Boulevard.

The retail center is located on 10 acres and is adjacent to the Wal-Mart. With high visibility on Jones and residential traffic estimated at over 28,500 cars per day, this is a perfect location for a variety of consumer retail services.

The Craig and Jones Retail Center consists of a single-story building with three inline spaces available for lease starting at 1,283 square feet to 4,783 square feet. The retail center, located at 5840 and 5860 West Craig Road, features high visibility and traffic counts of over 34,000 cars per day. Inline lease rates start at $2.70 per square foot and end cap lease rates start at $2.95 per square foot. The second building has been leased and includes tenants such as Go Wireless, UPS Store, Noble Roman's Pizza, Tuscano's Subs and a nail salon.

The Silverado Ranch and Bermuda Retail Center, a 15,605-square-foot shopping center, features two multi-tenant pads with three spaces remaining for lease ranging from 1,225 square feet to 2,010 square feet. It is located at 430 East Silverado Ranch Road adjacent to Silverado Ranch, a master-planned community. Leasing rates start at $2.70 per square foot and end caps start at $2.95 per square foot. Existing tenants include Polo Cleaners, Canvas Café, UPS Store, Rizotti's Pizza, Yum Yum BBQ, American Family Insurance and a dentist.

The beltway provides direct freeway access to a wide variety of shopping, dining, entertainment and outdoor amenities.

Anchored by Wal-Mart Neighborhood Market, the Lake Mead Wal-Mart Center, a 15,040-square-foot center, is now fully leased and is located at 6570 East Lake Mead Boulevard. Some of the existing tenants include Starbucks, Fantastic Sams, Domino's, Verizon Wireless and Subway. cre

Mesquite's growth attracts commercial development

By Alana Roberts
Special Publications writer

Bill Chernock has a few weeks under his belt as business development manager for the city of Mesquite. But already he knows the city's population growth has led to a need for more ancillary services.

The city, which has about 18,000 residents, has experienced population growth between 13 and 15 percent for the past 10 to 12 years, Chernock said. Officials expect the city to reach the 20,000 mark soon.

The need for more services translates into an increased demand for commercial real estate.

"As the community is waiving hello to 20,000 [residents] and quickly 30,000 [residents], what you find is an expansion of existing services," he said. "As residential development picks up, we become an acceptable location to look at for restaurants and retail because we've hit critical numbers."

Further validation of the city's growth is Pulte Homes' move to build the 4,600-home Anthem Mesquite housing development on 2,014 acres. The city has also recently expanded its entertainment venues and now offers gaming, golf and other recreational activities. Its quieter atmosphere has also helped the city to attract its share of retirees, Chernock said.

The Mesa View Hospital and a Wal-Mart Supercenter have also opened in the city, which has helped lure other businesses to the area, he said.

"I think … a lot of business owners … let Wal-Mart do their market research," he said. "When they saw Wal-Mart projected enough growth to put a superstore here, they said, 'Okay, that's good enough for me.' Wal-Mart doesn't make mistakes, as a rule."

Tom Channell, president/owner of Las Vegas-based Ammus Corp., is a developer who is helping bring businesses to the community by creating new office and retail space. He is developing the 81,400-square-foot Town & Country Village Plaza, a retail/office project on Pioneer Boulevard, about a mile from Mesa View Hospital. He said he anticipates the project will cost about $20 million.

"Pioneer [Boulevard] is becoming the new retail center [of Mesquite]. It's a premium location [because] it has a great window on I-15," Channell explained. He also disclosed that commercial developers like himself are attracted to Mesquite because of the growth in residential development.

"We are counting on the Pulte Homes development and some of the large residential builders," he said. "I know the real estate market is slowing down nationally. [But], I think Pulte Homes will do very well … We think the growth will continue."

Channell also cited lower land costs as an attractive reason to build in Mesquite. "The price of land … is still a lot cheaper than Las Vegas," he said.

But that's beginning to change.

"It's getting higher," Channell agreed. "We're seeing on our parcels [an appraisal of] $25 to $27 a foot. We bought it for less than that, but we've owned it for two years. Prices have gone up sharply over the past two years."

TWC Construction is the general contractor on the project. Matt Ryba, the company's chief executive officer, said more of his clients are considering projects outside of Las Vegas — particularly growing areas like Mesquite.

"Land pricing is creating a push to the outlying areas," he said.

He said Mesquite's relatively close proximity to Las Vegas and other surrounding communities also makes it accessible for workers.

Channell expects project constructio to be complete by November. The project includes a 62,000-square-foot, two-story building featuring ground floor retail and office space on the second floor; another 7,400 square-foot one-story building; a 5,000-square-foot bank and a 7,000-square-foot car wash and auto service center. He also plans to build an additional 10,000-square-foot building on the site in the future.

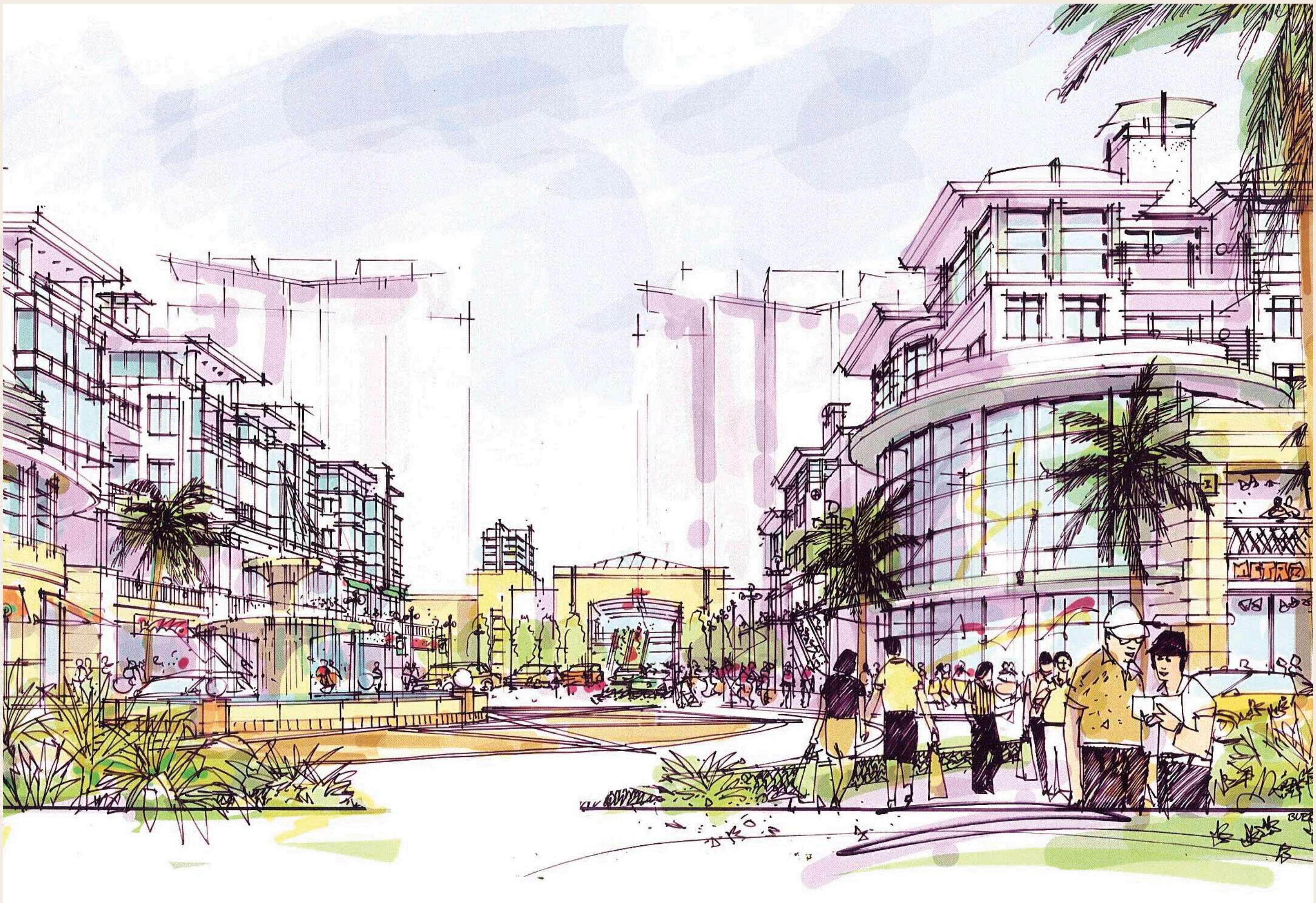
"It will be mostly professional … uses with … diversified retail," he said. "It will be more of a specialty center … not anchored by a grocery store. There may be some apparel, but it's focused mostly on services and goods …"

Channell said he decided to mix office and retail uses in the Town & Country Village Plaza because of Mesquite's need for a variety of commercial development.

"I don't normally mix office and retail," he said. "I think, in this case, it's probably a good mix. It's going to be a nice, all-inclusive service type of center."

Chernock said projects like Town & Country Village Plaza help Mesquite carve its niche as a Las Vegas alternative and an attractive place for retirees.

"We're appealing to a different market … [than] Las Vegas," he said. "I think what we're building is a community with a small-town feel with big-city amenities." cre



Triple Five still eyeing ’08 start for ‘Great Mall’

By Brian Sodoma
Special Publications writer

Though Tom Petty sang “the waiting is the hardest part,” Triple Five Development, the developer of the 1.6-million-square-foot Great Mall of Las Vegas in the city’s northwest, could have written the song for him — all from personal experience.

The waiting game to break ground on the Great Mall of Las Vegas began about a year ago when the Las Vegas City Council gave the project its blessing. With the go-ahead came the condition that the roughly half-mile stretch of Grand Montecito Parkway be completed from Elkhorn Road, south to Desert Springs Way, before mall construction began. Desert Springs Way serves as the mall’s southern border. The Great Mall will be set on 50 acres of Triple Five land, with the U.S. 95 frontage road as the eastern border and Grand Montecito as the project’s western border.

Today, Triple Five is still awaiting approvals for road plans, but hopes to be digging for utilities under the road by June.

“These conditions for approval should be met soon, then we can get the street going,” said James Grindstaff, vice president of planning for Triple Five. “I think in about 18 months we should see it [mall ground breaking], which puts us right at about November, December 2008.”

The city has helped by constructing Grand Montecito Parkway from Elkhorn to the south end of the city’s Mountain Ridge Park (which borders the mall on its north end). But, Triple Five closed on the land in 2004 and was hoping to have the mall completed by the end of this year. However, Grindstaff, despite the frustrating nature of the situation, remains upbeat about the project and says the city has been a good partner.

“The bad news is that it’s taking longer. The good news is it’s still a great project,” he affirmed. “They [the city council] always puts us on the top of the pile when we come to them. I think they recognize the importance of this project to the area.”

City councilman, Steven Ross, whose Ward 6 is where the mall will be built, says the talks with the developer have been positive. "These guys [Triple Five] have been great. … There were a lot of situations that came up with the Montecito Company [from whom a portion of the land was purchased] and wanting to put that road in the middle of their project, and through it all, we're making it work," he said. "This is a great project for our ward. You can't deny that."

Ross estimates the mall will add about 1,200 retail jobs, and provide a valuable economic boost to the area, which has seen rapid residential growth because of what many consumers saw for years as an affordable haven in the valley.

With the current schedule, the mall will likely open in 2010 with its 900 condominium residences price tagged, on average, around $1 million each, which Grindstaff estimates should come on line in another 12 to 18 months after the mall's opening. Grindstaff said the condominiums, which will span two towers not to exceed 200 feet in height, would likely be second homes for empty-nesters. He estimates only about a third of the residents will use them as primary residences.

Brian Gordon, a principal with Applied Analysis, a local economic research firm, said time will tell whether the high-end residential product at the Great Mall of America will be a good fit for the area.

"It's kind of a difficult time for the luxury market. There's a lot of potential inventory and consumers are being really cautious. You're looking more at end users rather than investors, which creates a smaller pool of buyers," Gordon said. "The question is with the Great Mall of Las Vegas, is that the amenity consumers will seek? … It worked for One Queensridge Place. The question is, can it work outside of a master plan? Time will tell."

Included on the 50-acre site plan will be a "lifestyle" component, which will resemble The District at Green Valley Ranch. The mixed-use component will include two, four-story buildings separated by a main street with storefront parking for ground floor retail. The second, third and fourth floors in both buildings will include lofts and flats. Parking for tenants will be set beneath the main street and its buildings. A unique turnabout tunnel that winds underground will be the entrance and exit to the subterranean parking.

The "lifestyle" section was originally going to be home to a JC Penney department store. But after re-designing the area, the major retailer was pulled by the developer. "We just thought it wouldn't be the right fit for them [JC Penney]," Grindstaff clarified, while adding that higher-end specialty stores will be included in the space instead. Major anchors, Dillard's and Macy's, which recently purchased Robinsons-May, are still slated for the mall. Robinsons-May was the one that committed to the space, but Grindstaff said Macy's officials have not indicated that the company would have a change of plans. "As far as we know, they [Macy's] have not said anything about not wanting to participate. … We're believing they will be involved," he added.

Grindstaff could not divulge any other possible tenants, only that his company has been in talks with retailers that are not yet in the Valley, but that "people have been asking to come."

Few design changes are being considered for the $750 million project, which will also include an enclosed 100,000-square-foot park. The park comes as a bittersweet concession from the developer, as original plans called for a family fun center that was to include a water park. But with the city's request to add curves to Grand Montecito Parkway and shift the street east from its original straight western border of Triple Five's land parcel, the site lost 10 of its 50 acres. The mall was then redesigned from a 2.5-million-square-foot facility to its current 1.6-million square feet. The 10 acres will be developed, most likely as a strip mall, after the mall is finished.

"It really bummed us out to have to do that. We would have been the third biggest mall in the country [behind Triple Five's two other malls, Mall of America in Minneapolis, and the West Edmonton Mall in Canada]. … We thought something like that [family fun center] would've been really great for the community," he added. "We'll develop that site [the 10 acres] after the mall is completed though." cre

General Growth Properties plans to acquire The Shoppes at The Palazzo when it opens in 2008.

General Growth keen on the Las Vegas Strip

By Alana Roberts
Special Publications writer

General Growth Properties is so confident in the strength of retail on the Las Vegas Strip that it wants more.

As a result, the retail giant plans to acquire The Shoppes at The Palazzo when it opens in early 2008. The Shoppes are part of the $1.8 billion The Palazzo Resort Hotel Casino being built by Las Vegas Sands Corp. adjacent to The Venetian. The mall will join General Growth Properties' already healthy portfolio that includes the nearby Grand Canal Shoppes at The Venetian and the Fashion Show mall across the street.

"As long as the development on the Strip continues — I'm talking about the resort/casino development — I think a necessary amenity for all of those projects is a retail component," said Dan Sheridan, executive vice president of General Growth Properties. "I think people expect it."

In addition to The Palazzo, other projects under development on the Las Vegas Strip are MGM Mirage's CityCenter, Encore, Boyd Gaming Corp.'s Echelon Place and Trump International Hotel & Tower Las Vegas.

Out of the total cost to build the entire project, leaders at Las Vegas Sands Corp. anticipate The Shoppes at The Palazzo will cost about $280 million, according to the company's most recent annual report. The company plans to sell the mall to General Growth Properties for at least $250 million. Meanwhile, General Growth Properties is working with Las Vegas Sands to attract tenants to the project.

The Shoppes at The Palazzo will feature 275,000 square feet of gross leasable space and will offer about 65 to 70 mid-level to high-end stores and 12 to 15 restaurants, Sheridan said.

The mall will connect with the existing Grand Canal Shoppes at The Venetian, he added.

"Combined with the Canal Shoppes,

that will give us 650,000 square feet of leasable space," he said. "The main level of The Shoppes at the Palazzo will be on the same level of the existing Grand Canal Shoppes. You'll be able to walk ... [from one] to another."

So far, The Shoppes at The Palazzo have attracted luxury retailer Barneys New York. The retailer, which draws fashion-conscious shoppers from around the nation, plans to build an 85,000-square-foot flagship store at the property. It is one of several flagship stores the historic retailer has recently opened around the country.

Barneys was founded in 1923 in Manhattan by Barney Pressman. The company is now a wholly-owned subsidiary of Jones Apparel Group, Inc. Sheridan said tenant mix is very important, not only for the success of the mall but for the entire project.

"The project is going to be anchored by the first Barneys flagship store in Nevada," Sheridan said. "This place will have a focus on luxury retailers. We're going to try to get the right mix of everything. Certainly, there will be a good focus on apparel, accessories and jewelry. We think the right mix of restaurant and bar/lounge experiences helps to promote the whole environment."

He added that Barneys has served as a lure for other luxury retailers.

"Barneys, in many ways, is that traditional anchor draw to a shopping environment," he said. "It draws retailers who want to be associated with Barneys."

He declined to name any other retailers or restaurants the company is trying to attract to the project. However, he expects The Shoppes at The Palazzo to be fully leased by the time it opens. "There's a tremendous ... demand to be in this project and on the Las Vegas Strip," he emphasized.

Tourists are expected to make up most of the customer profile at The Shoppes at The Palazzo. He said they are working to ensure they attract their share of Las Vegas' 38.9 million visitors each year.

"I think it will mostly be tourists," he said. "They'd like to see some brands or stores they don't necessarily see at home. They look for experiential retail, which doesn't mean entertainment, but different from what they're used to at home. It's the ambiance, the high-end finishes and one-of-a-kind restaurants intermingled with retail. That's different from what people are used to seeing in a suburban mall. I think the one thing that will be a strong local draw for The Shoppes at The Palazzo will be Barneys."

Sheridan added that he's confident in the future strength of retail on the Las Vegas Strip.

"For the [Strip] projects we're currently involved in ... we had very strong [performance] in 2006. We continue to expect to see growing sales traffic on the Strip," he said. cre

Marketing to the international tourist

13 percent of Las Vegas' tourists are from foreign countries

By Danielle Birkin
Contributing writer

According to the 2006 visitor profile report released by the Las Vegas Convention and Visitors Authority and compiled by GLS Research, 13 percent of tourists traveling to the area last year were from foreign countries. And while many of them likely hit the casinos, they also took advantage of other myriad amenities the city has to offer, including shopping, as Las Vegas has emerged in recent years as a retail Mecca.

It is no wonder, then, that mall and retail shopping center operators have been actively marketing to international visitors, hoping to not only increase brand awareness among foreign tourists, but to also capture some of their disposable income.

Kathy Anderson, a tourism consultant for Fashion Show mall and The Grand Canal Shoppes, attends a plethora of trade shows and works with tour operators to disseminate the message that Las Vegas is a superlative venue for retail therapy.

"We feel based on research that it is important to establish awareness before travel to a destination and that is where my role comes in," Anderson said. "It has become increasingly important that Las Vegas is not only a gaming and entertainment destination, but … [a] shopping product … competing with New York, Chicago and Miami. So, we want tour operators to develop packages and programs in Las Vegas for those clients who are looking for an experience that includes shopping. We work with them to sell more travel to Las Vegas and to make certain that before clients leave home they put Fashion Show and The Grand Canal Shoppes on their itinerary."

She said although research reveals that most international visitors hail from Canada, the number two market is Mexico, and that Mexican visitors spend the most money here. To that end, she works with the LVCVA to lure visitors from the top three in-bound Mexican cities — Mexico City, Monterrey and Guadalajara. She also attends the La Cumbre trade show, which focuses on Mexico, Central America and South America, and she recently attended the International Pow Wow, which represents some 70 countries, with 4,600 delegates in the travel and tourism industry. Visitors from the Far East are also of paramount importance to Southern Nevada retail centers' bottom line.

"International visitors spend three to five times as much [as American tourists] when they are shopping and that is because ... of the weakness of the [American] dollar right now," she said, adding that the United Kingdom is the second highest-spending inbound market. "Visitors from the UK can come and have a 10-day vacation and pay so much less, so shopping here is such a great value."

Maureen Crampton, director of marketing for the Forum Shops at Caesars, said international visitors are indeed instrumental in the daily business of the retail center, and reiterated that such tourists tend to spend three to five times more than domestic out-of-towners.

"About 80 percent of our customer base is [tourists] … and out of that 80 percent, a good, strong 40 percent is international visitors," Crampton said. "That is based on customer research … The importance of that customer is very strong, so consequently, we tend to advertise in publications that are promoting and available in areas of the world that our international customers originate from. We also work with travel and tour operators and airlines to provide incentive packages and programs, such as special VIP booklets."

Since international visitors have varied needs, she said customer service is also critical.

"We really do pursue different avenues and services because each visitor has different shopping desires," she said. "Our retailers have multilingual sales associates who speak anything from Russian to French to Mandarin … We really try to accommodate. We ... keep a roster of who speaks what in which stores. [So], if we have a delegate come in and we need help with interpretation … we pride ourselves that we have that to offer."

She added that the LVCVA's Shop Las Vegas program is also a valuable tool, and that the Forum works closely with the organization in drawing international tourists to the city and its shopping venues.

Michele Rothstein, spokesperson and senior vice president of marketing for Chelsea Property Group — the outlet division of Simon Property Group — said international customers are critical for any business, but particularly for businesses that serve the visitor market. The company operates Las Vegas Premium Outlets and Las Vegas Outlet Center.

"Chelsea's general premise is to build, market and lease fashion-oriented outlet centers that will appeal to the savvy [visiting] customer ... as well as the local population," Rothstein said. "We market our portfolio outlet centers, go to trade shows all over the world and ... work with tour operators. So, if you're coming to Las Vegas you think of us, and that has translated into the desire and demand for our branded Premium Outlets overseas. We now have five in Japan, with a sixth set to open ... a center in Mexico City and another that will open in Korea."

She said the Internet is also useful in marketing to foreign tourists, adding that the company's Web site includes information in various languages in order to create an internationally-friendly shopping environment.

"The Internet has made the world a lot smaller in that people can communicate and will shop at our center and write on their blogs. When somebody has a great experience, more and more people will want to come, so we are fulfilling customer expectation. That goes beyond creating awareness."

Tourists from foreign countries spend three to five times as much as American tourists.

Additionally, she said Chelsea works with its merchants to understand the culture of the shoppers who spend their dollars here. Employees who man the information desks also ask guests where they are from and how they heard about the centers — useful information.

"We also have many members of our VIP club and we can see by membership that we have a pretty broad array of countries that sign up and want to keep up with what's new," she said, adding that Las Vegas Premium Outlets — which attracts more foreign visitors than Las Vegas Outlet Center — will soon expand from 120 stores to 150. "That will put the property in a pretty elite group of outlet centers ... We think that will get attention from international visitors because people are always asking what's new to do ... We are very exited about it." cre

The Arroyo, a mixed-use commercial development, is the largest ongoing commercial pro

The Arroyo to provide com mixed-use offerings to the

By Alana Roberts
Special Publications writer

EJM Development Co. is turning a natural arroyo into The Arroyo — a major mixed-use commercial development.

The project, located between Rainbow Boulevard on the east, Buffalo Drive on the west, Warm Springs Road on the south and Sunset Road on the north, includes office, retail and industrial uses. It's master-planned on 450 acres of land, laid out on both sides of the I-215 Beltway.

"The entire project is 5 million square feet," said Kirk Boylston, regional director for EJM Development Co. "It's the largest ongoing commercial project in Las Vegas. We're providing all the uses and conveniences in one project and truly master planning it so the buildings are all tied together. There's a natural arroyo that runs through the corporate center. We're trying to improve it with native plants and connect everything ... We're putting a lot of thought into making it user-friendly and making it a good environment for our tenants."

The Arroyo is located on land that EJM Development is leasing from Clark County under a 50-year ground lease. Construction on the project began about four years ago and is expected to take another six years to complete. The anticipated development cost is about $750 million.

Boylston said the project's mixed-use plan was the way to go. "Office users and industrial users want to have a place to eat and shop," he said. "If we can do all of this on one site it makes it better ... We wanted to do it right."

The retail uses is situated in the Arroyo Market Square, a 950,000-square-foot power center that includes a Wal-Mart, Sam's Club and Home Depot, scheduled to be completed by April 2008. Other tenants are Best Buy, Bed Bath & Beyond, Sports Chalet, Starbucks and Ross Dress for Less. Restaurant offerings include Mimi's Café, Black Angus, Chili's, Jason's Deli and Sammy's Woodfired Pizza.

In addition, The Arroyo will offer a lifestyle center that is ideal for a supermarket, bookstore or a drugstore.

ject in Las Vegas.

mercial southwest

So far, Arroyo Market Square is about 95 percent leased and is expected to be completely leased by the time it opens. That project is being developed jointly with shopping center developer Laurich Properties, Inc.

Kit Graski, senior vice president of Voit Commercial Brokerage's Las Vegas office, is a broker for Arroyo Market Square. He said he expects retail in the Las Vegas Valley to continue to grow because of residential and job growth. That is why Arroyo Market Square is almost completely leased, he added.

"I think that people are still moving here and that's certainly going to continue to drive retailers to ... Las Vegas," he said.

Boylston agreed there is a demand for retail and other commercial development in the southwest part of the valley where The Arroyo is located.

"It's really an underserved market," he said. "There's a lot of residential [growth] around there without a lot of retail amenities."

John Restrepo, principal of Restrepo Consulting Group, said Arroyo Market Square is positioned to do very well because of a low 1.3 percent vacancy rate for power centers in the Las Vegas Valley.

"That's probably the largest open-air power center in the Valley," he said. "Except for the stuff you see on the Strip, it [The Arroyo] will be the largest suburban, non-resort, off-strip project in the Valley right now. It's ... pretty major."

Boylston also pointed out that The Arroyo's architecture team worked to make sure the look of the project's retail, office and industrial uses blend. For example, he said Arroyo Market Square is designed so that the big box retail doesn't look like big box retail.

"It's going to be a showpiece for power centers," he said. "Since we have class A office space, we didn't want it to detract ... These are great looking buildings."

The industrial portions offer spec as well as build-to-suit options. The project's office portions are user-friendly and are designed to be visually pleasing, Boylston added.

"There are glass towers and real stone throughout the project," he said."We have a lot of landscaping and large patios for sitting."

Boylston said the project's location makes it easily accessible from key locations throughout the Las Vegas Valley.

"It's a great location," he said. "It's [on] a heavily-traveled corridor ... [plus] it has good access to the [Las Vegas] Strip." cre

Developers in west Henderson accommodate traffic growth

By Alana Roberts
Special Publications writer

Infrastructure work for Plise Cos.' mixed-use City Crossing project at Executive Airport Drive in Henderson has begun.

But, the project's master plan recently underwent an overhaul to accommodate the city's future plan to realign and expand Executive Airport Drive, Sunridge Heights Parkway and other nearby roadways. The city also plans to widen the right-of-way at Executive Airport Drive near the City Crossing project in order to accommodate the possibility of a mass transit project in the area.

"Sunridge Heights Parkway got realigned and intersected our property in a different place. That caused us to redesign the whole site because it affected our interior street plan," said Jon Field, the company's associate general counsel.

The $2 billion project spans 126 developable acres of land near Executive Airport Drive and St. Rose Parkway. It totals 6 million square feet of office, retail and residential space, including 1 million square feet of class A office space, 600,000 square feet of retail space and 2,500 luxury residences. The project's first 30 acres are expected to be complete by the third quarter of 2009, but construction on the entire project should take seven years.

Field said the project's urban design differs from other projects because it mixes its use of vertical and horizontal building styles.

"We designed the project to meet the guidelines of the city of Henderson's mixed-use zoning, which includes both vertical and horizontal [development]," Field said. "We have residential on top of retail, office on top of retail, we have residential which is horizontal from office. There's a mixing of uses to create a true urban design. That's a big deal because most projects are either one or the other."

The result of the changes on the master plan is that the project's retail portions have more of a Town Center/Main Street kind of design, he added.

"One of the primary guiding principles is to make the project pedestrian-friendly," Field said. "But, we also brought forward another crucial design aspect, which is to make the retail portion vehicularly-friendly so that there's both pedestrian and vehicle interplay in the retail portion, akin to a typical American Main Street."

City officials plan to extend Sunridge Heights Parkway through to Executive Airport Drive. In turn, they plan to extend Executive Airport Drive so that it runs into Starr Road, which will eventually become an I-15 interchange. The planned changes will make Executive Airport Drive and Starr Road a major artery for residents in nearby developments like Anthem, Seven Hills and Inspirada. The goal is to give area residents an alternative route to I-15.

The changes to the city's Master Streets & Highways Plan that had the most impact on City Crossing's master plan was a realignment of Sunridge Heights

Parkway, Field said.

"Sunridge Heights affected our project because of how it intersected with our parcel," he said. "That resulted in some exciting and dynamic changes in the project's internal street ways. Because of the way the street ways are now designed, we moved some of our uses within the project site. So, we created a central office core, radiating out of that we have the Town Center retail portion with a spine road that connects Sunridge Heights Parkway to Brunner Avenue, providing accessibility from the residential portion and the Town Center portion."

Robert Herr, assistant director of public works for the city of Henderson, said the changes are the result of the city's anticipated population growth in the western part of the city.

"What we're trying to do is create alternative routes …" he said. "That's what's behind the original realignment [of streets] in west Henderson. An additional benefit to the Executive Airport Drive realignment is it's an additional access out if they're heading to the I-15."

The changes will not only benefit nearby residents because of improved traffic flow, but will also benefit City Crossing. That's despite the fact that the changes will result in City Crossing losing a significant amount of land, Field said.

"At first it was a design challenge," he said. "But, our architects and development team spun it into a creative design that services all of the uses. [Improved] roadways and traffic flows are essential to the community and also to our project site. We're in full agreement with their plans. We're going to be dedicating the portions of the roadways necessary to achieve the city's goals."

Herr added that Executive Airport Drive may become a heavily traveled route, but he said the city plans to extend more streets in the area further west toward I-15 and Sloan.

Other nearby developers also expect to benefit from the city's changes to its Master Streets & Highways Plan.

"We think the changes will benefit the whole area, including our project," said Larry Bross, executive vice president of development for Focus Property Group, the developer of the nearby Inspirada project. Inspirada is expected to contribute heavily to the population growth in western Henderson with its plan to bring at least 11,500 homes to the area.

Field said that the extension of streets and the possibility of mass transit in the area would allow City Crossing to become a true urban development.

"The goal of the project is to create a true urban neighborhood that services existing neighborhoods and future planned neighborhoods and to be an unparalleled destination center for Southern Nevada," he said. "Being a part of Henderson is very important, especially for our office users. We're right near the freeway." cre

Companies should choose their tenant rep wisely

Larry Singer

Coldwell Banker Commercial ETN

The Southern Nevada commercial real estate market has grown, not only in size but sophistication. Accompanying this growth is a need for companies to retain the services of a commercial real estate agent, someone who specializes in tenant representation to assist in their search for leased office space. Electing to use a tenant representative (tenant rep) makes sense on many levels, however, selecting the right tenant rep can offer a bit of a challenge.

A qualified tenant rep has the knowledge and experience to assist companies in selecting the right office space. They understand the physical and financial aspects of the real estate market and can advise tenants regarding common-area charges, escalations and costs associated with occupancy other than basic rent. They should be able to perform comparative financial analysis including occupancy costs from competing properties.

In a market like Southern Nevada, finding a qualified tenant rep can be difficult. Tenant reps are those agents, or teams of agents, that do not list space for lease, thus avoiding conflicts of interest during the leasing process. As far as I know, there are few teams acting as tenant reps.

When looking for a tenant rep, there are several things to look for. First, be sure the agent has no conflicting property listings. In addition, he or she should have a thorough knowledge of the market place, strong negotiating skills and experience representing landlords. An agent without past experience in representing landlords can't represent a tenant properly because they need a working knowledge of a landlord's negotiating thought process in order to adequately do the job.

In order to ensure you are working with a qualified tenant rep, here are several steps you should follow and questions you should ask:

- Call commercial real estate offices and speak to the branch manager. Ask if they have tenant representation specialists and, if so, ask how long they have been specializing.
- Call counterparts at other companies and ask for referrals to real estate agents with whom they have worked and feel comfortable.
- Speak with colleagues who have made similar moves and ask who they recommend.
- Interview the agent and ask what services he or she will provide.
- Ask if he or she is a tenant rep or a listing agent.
- Gauge their knowledge of the market by asking about space availability, rental rates and over-all occupancy costs.
- Ask them to explain the differences between various types of leases.
- Ask if they have references.
- Inquire about their negotiating skills and their reputation in the business community.
- Request examples of previous tenant rep experiences.
- Ask about fees. Tenant reps are traditionally compensated in the form of commissions paid by the landlord and they should make you aware of that.

If an agent wants your business, he or she will be willing to spend ample time discussing the process with you. If they don't, move to the next agent on the list. You should set high expectations. Real estate brokerage commissions are high in comparison to other industries and clients should expect a high level of service.

Start the process well in advance of your lease expiration. Depending on the size of the transaction, a professional rep team should start providing market data to prospects as much as one and a half to two years before the lease expiration. This allows the decision makers to become knowledgeable about location and rental rates — information that is valuable in establishing budgets and setting realistic time lines.

After a thorough analysis, the determination may be not to move at all. In that case, armed with market data, your tenant rep can help negotiate the terms of a lease renewal.

Keep in mind the landlord is always represented either by an in-house representative or a listing agent who knows the market. Since landlords are always represented, tenants should seek representation too.

Hiring a qualified tenant rep allows executives to focus on operating their business while achieving the best possible results. cre

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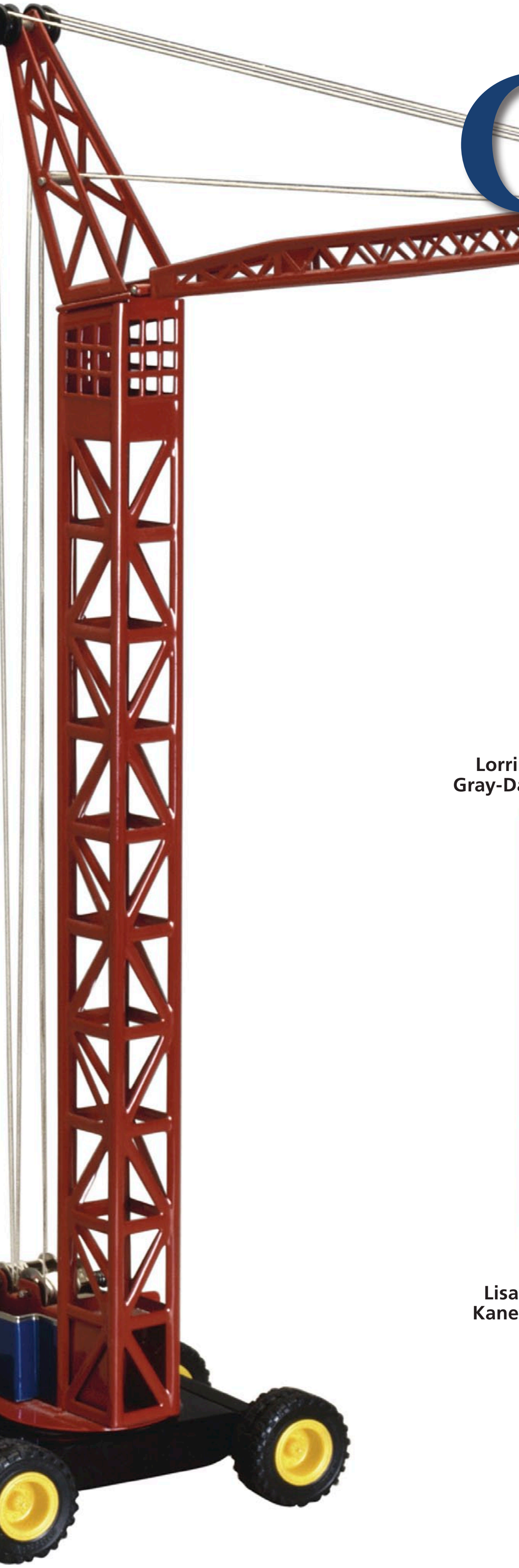


More wome
ranks of cons

By Lisa McQuerrey
Contributing writer

Lorrinda Gray-Davis

Lisa Kane

While the construction field has, historically, been heavily male-dominated, many qualified women in Southern Nevada are stepping up to the plate and helping themselves to a lucrative piece of the construction-industry pie. Do they feel they have to work harder to prove themselves on male-dominated field crews and in leadership roles? In the beginning, perhaps. But, they all say knowledge, hard work and good communication skills trump any lingering macho mentality nearly every time.

Perini Building Co. has garnered recognition for its overall diversity initiatives, particularly on the MGM MIRAGE $7 billion CityCenter. The property urged supplier and subcontractor diversity from the start, which prompted Perini to conduct major outreach efforts to find and bring on board qualified minority and women-owned businesses.

In 2005, Perini hired Lorrinda Gray-Davis in a key management position as its director of diversity. Gray-Davis was charged with creating and overseeing company policies that would increase employment opportunities for minority and women-owned businesses (MBE/WBEs) on Perini projects. Part of her early responsibilities included developing a strategic plan to actively recruit qualified MBE/WBEs, organizing informational seminars and building alliances with MBE/WBE organizations while overseeing the company's diversity development efforts. According to Gray-Davis, working in a male-dominated industry has never posed any issues for her.

"If I want to do something, I do it," said Gray-Davis. "I find a mentor and I work hard. Women have to

tion Divas

n joining upper truction industry

work twice as hard and know what they're talking about. It's a challenge, but I love challenges. I love what I do every day."

Gray-Davis said Perini's diversity initiatives reach far beyond the CityCenter project. She advocates creation of a unified voice for women and minority-owned businesses and was instrumental in bringing the Nevada Minority Business Enterprise Council to Nevada.

"This [Las Vegas] market is different because there has really not been much of a diversity initiative here … ," Gray-Davis said. "People don't usually know what it's about. It's about breaking down parts of large projects and putting people in positions to succeed. We're creating a greater sub-contractor base to pull from. It makes a difference when you're a large building company and you can take steps to help a small business grow."

Gray-Davis said she'd like to see even more women in construction-related fields simply because the opportunity abounds, particularly in Southern Nevada.

"We see ourselves at the forefront of growing diversity in this market," Gray-Davis noted. "Now, people are asking us, 'How do you do it?' We share our databases and try to ensure all of our departments share information with others. It's matchmaking," said Gray-Davis, "And it's great for our community."

Perini is currently utilizing 77 minority and women-owned sub-contactors and is in the process of certifying nine more. Gray-Davis was recently recognized by the Greater Los Angeles African American Chamber of Commerce with its Minority Business Advocate Award.

While Perini's diversity efforts at CityCenter are garnering a good deal of recognition, Perini chairman, Dick Rizzo, has long been lauded for the efforts he makes to encourage women into leadership roles in the company. More than 50 percent of Perini employees are women or minorities, a figure Rizzo estimates was closer to 10

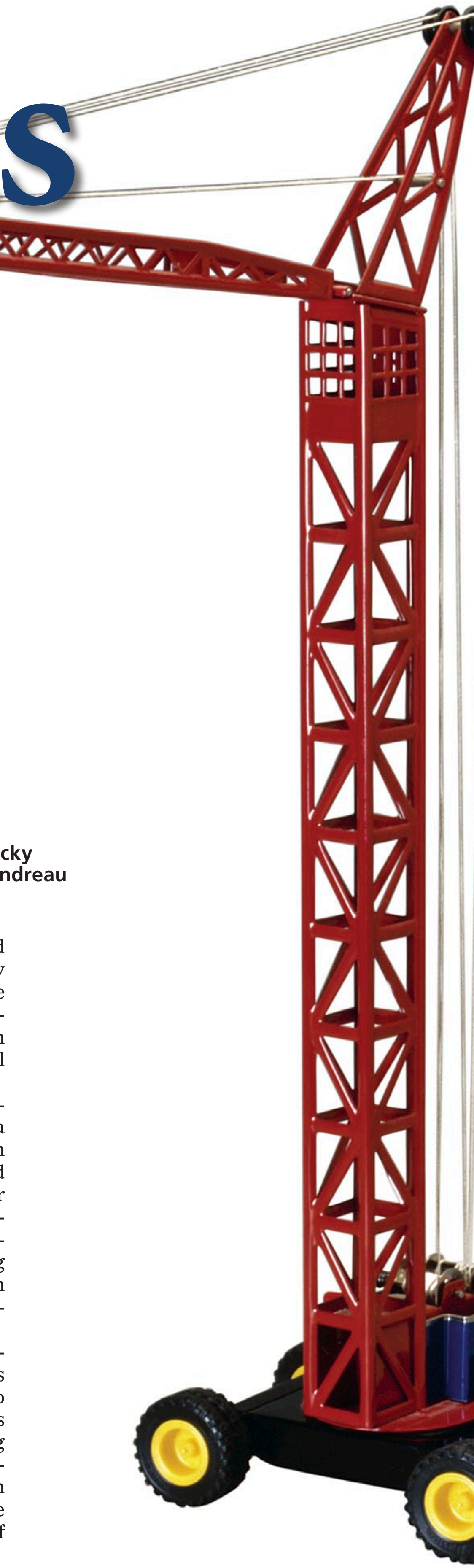
Becky Tondreau

percent 20-30 years ago.

"There's no question it's a lucrative field financially," said Rizzo when asked why he thought more women were entering the construction arena. "And there's a deteriorating supply of qualified construction personnel, particularly with upper-level engineering skills."

Rizzo pointed out that a lot of college students shy away from what's perceived as a tough curriculum related to construction — math, physics and engineering — and instead, are opting for what they consider easier paths to success. As a result, starting salaries for fresh-out-of-college engineers are on the rise and many building and construction companies offer sign-on bonuses along with other incentives to entice qualified applicants.

Lisa Kane is Perini's first female director of safety. In her position, Kane is responsible for all matters pertaining to safety, working closely with the company's project management teams, conducting inspections and, when necessary, recommending corrective measures. The launch of CityCenter prompted expansion of the company's safety department from a staff



of five to one of more than 40 over a six-month span. Kane was charged with finding qualified professionals and subcontractors to fill safety positions. Perini began instituting training programs, apprenticeship programs and workshops to ensure newcomers were fully up to speed in their roles.

"It's exciting — really," said Kane. "The approach is new and innovative. There's no template for doing this!"

Kane had a background in emergency medicine and law enforcement before coming to Perini. She was working on a major project with a local elevator company when she was tapped to join Perini's safety team. When her predecessor left, Kane made her case for assuming the lead role in the department.

"I remember when I got the promotion, Dick [Rizzo] came up to me and told me how proud he was of me and that I was a great pick for the job," said Kane, noting her boss' propensity for encouraging employees to push themselves professionally.

Moving into a leadership role, Kane said she already had good, established relationships with men in the field and simply had to "reinvent" the approach she would take with her employees.

"My philosophy is to treat everyone with respect, don't take any guff from anyone, and always look for ways to create win-win situations." Added Kane, "I've always worked in a man's world and I've never had an issue getting them to do what I needed them to do. It's all about mutual respect."

Kane extends that philosophy to the basis of her job, noting that issues related to job-site safety are continually changing. She utilizes a network of established safety professionals and organizations who readily share information in an effort to keep all their workers safe from harm and keep their companies in compliance with OSHA rules and regulations. Kane has won a number of safety awards for her professional contributions.

Elizabeth (Betsy) Tondreau is a project manager for Perini, reporting directly to the field operations manager. She is charged with the overall responsibility of managing and administering each project to which she is assigned. Employed with Perini since 1993, Tondreau joined the company fresh out of college. Recognizing she was viewed as young and inexperienced, she followed project superintendents around to learn the lingo and integrate into her new environment.

"As I gained experience, I gained confidence," said Tondreau, who admitted it was tough at first. "In Vegas, you work with a lot of the same people, so it gets easier. Respect comes with time. You have to prove yourself and work a little harder, but that's okay."

Tondreau met her husband on a Perini project in 2002. She said he admitted much later that when she first came on board to finish a major job, he and a number of his fellow male colleagues took one look at the bubbly, young blonde and thought, "What is she here for?"

"But then I jumped in and I proved myself," recalled Tondreau. "I proved I knew what I was talking about."

Tondreau's project management experience includes CityCenter's Veer Towers, Red Rock Casino, Resort & Spa, the Green Valley Ranch Spa expansion and the Las Ventanas assisted-living facility. She also served as project engineer or contracts manager on projects including Green Valley Ranch Station Casino, Caesars Palace Pool Villas and the Hard Rock Hotel & Casino.

So, will more women continue to join Nevada's second-largest industry? Rizzo said women are readily accepted into many non-traditional fields these days.

"It's really changing," Rizzo said, "Because construction was traditionally a man's profession, there used to be a question of equal treatment. But, as we start seeing things change from an older generation to a younger one, it's not as much of an issue."

Rizzo said the company emphasizes equality across the board which include training and outreach. "Women are equal in their ability," said Rizzo, who is the father of two grown daughters who happen to be professionals in construction-related fields. "There isn't anything you can't do if you set your mind to it." cre

Las Vegas boom supports bright future for employment, commercial real estate

David Jewkes
Burham Real Estate
ONCOR International

New hotels and casinos, high-rise and mixed-use residential projects are leading a Las Vegas construction boom that will keep the city's growth well above that of national trends.

According to Burnham Real Estate's Outlook 2007 report, more than $30 billion in new Las Vegas Strip development over the next three years is generating a surge in construction jobs in the near term, and setting the stage for more job growth in the long-term.

The new retail services, restaurants, casinos and 38,800 hotel rooms opening before 2011 lay the foundation for permanent service jobs. The first phase of the MGM Mirage's spectacular Project CityCenter will employ an estimated 12,000 people when it opens in 2009 and will add 1,650 condominium-hotel units, a 4,000-room hotel/casino, three 400-room boutique hotels, and over a half million square feet of retail, dining and entertainment space.

While single-family home construction has slowed, the energy created by world-class, mixed-use, high-rise developments along the south Strip is drawing an exciting mix of new residents — from celebrity buyers like Paris Hilton, Leonardo DiCaprio and Tobey Maguire, to those who just want second or low-maintenance homes.

Further support for Las Vegas' strong economic footing is the fact it is a magnet for people who recognize the financial benefits of no corporate or personal income tax; no unitary, franchise or inventory tax; no inheritance or estate tax; and no gift and chain store tax.

The city's other business incentives, including low property tax and workers' compensation, combine to make Las Vegas one of the most desirable places to live or do business and the synergy created with new, mixed-use development in high-profile projects is transforming Las Vegas from the "entertainment capital of the world" to the "retail capital of the world."

Over the next two years, Burnham expects office rental rates to remain at current levels as a significant amount of office space completed this year waits to be absorbed. Industrial rental rates, on the other hand, will continue to increase from the pressure created by limited supply and lack of significant new development opportunities.

On the multifamily side, residents looking for apartments can expect to pay an average of $931 a month for a two-bedroom unit in a mid-range community, and $796 per month for a one-bedroom unit.

With vacancy currently at 5.2 percent, multifamily rents will continue to rise as the demand created by new population growth outpaces supply. cre

Commercial real estate takes note of mold

By Brian Sodoma
Special Publications writer

Most of the attention for mold abatement has come in the residential real estate arena. But when it comes to commercial projects, experts know that office and industrial properties, and even hotels and resorts, are just as susceptible to mold liability as any home or condo.

Regardless of what side of the mold-issue fence you are on – whether you see it as over-sensationalized hype from the media and a chance for lawyers to make a quick buck from hyperbolic claims, or you believe the concerns are legitimate – addressing a mold issue promptly, be it small or large, is a necessity in all real estate circles.

Frank Gatski, CEO of Gatski Commercial Real Estate, which manages more than 3-million square feet of commercial space in the Valley, recently started a mold remediation division within his company in response to requests from his customers.

"We had more clients coming to us asking for help with damages," Gatski said. "We had to refer all that out, and mold remediation is such a scary thing for people … I was always depending on outside contractors to walk us through it and give us advice."

The owner brought Larry Lizakowski, who has more than 20 years mold-abatement experience, on board to run the division.

"I think right now, especially in the Midwest, Nevada and Arizona, we're adding this [mold] to our vocabulary … ," Lizakowski said about commercial property owners being more conscious of potential mold problems. In terms of the volume of work the mold abatement division could generate, Lizakowski said, past experience indicates they may get as many as four cases a day, or one a week. "It's really tough to speculate how much work is out there," he added.

According to the Center for Disease Control, there are more than 1,000 different types of mold which are ubiquitous in nature; only a handful

> “It’s pretty simple. The more mold you have, the more potential you have to create contaminants in the environment”
>
> **Ben Kollmeyer**
>
> Industrial hygienist for Forensic Analytical

are toxic. The U.S. Environmental Protection Agency (EPA) has developed a guide for mold remediation in schools and large buildings.

Mold abatement exploded onto the scene in the 1990s, but caught the attention of the development world when a Texas jury awarded $32 million to a family for a mold-related property damage claim in 2001. Although the appellate court later reduced the award to $4 million, the touchiness of the subject continued as insurance claims for mold jumped to $9 billion in that year alone. Today, many insurance companies do not even include mold in their plans, said Jim Baschnagle, president of Basch Construction, a Valley contractor that specializes in re-building homes after water damage or fire. Baschnagle has a mold abatement component in his company, but cautions that most mold problems are really quite small and can be taken care of quickly.

“There are cases where you have floods, but in a lot of [commercial] situations there may be a water fountain that has been leaking behind the wall and you pull back the drywall [and remediate],” he said. “Basically, it’s important to remember that as long as the water getting to it stops, that’s the most important thing [to help stop mold from spreading].”

Ben Kollmeyer, a technical director and certified industrial hygienist, for the Las Vegas branch of Forensic Analytical, a national company that provides mold abatement consulting services, said there are three areas of concern when it comes to mold. One concern comes from discovering mold that grows in sinus passages and in the lungs. This mold type is of particular concern in healthcare settings. The second concern is the allergic effects of molds on an individual or population. In general, he said, five to 15 percent of the population is allergic to some kind of mold. The third consideration is the effect of toxic molds on individuals. Kollmeyer further points out that mold remediation is not so much about the mold being toxic or harmful, but more about the people in the area and their reactions to it.

“It’s pretty simple. The more mold you have, the more potential you have to create contaminants in the environment,” Kollmeyer added. And while toxic molds have gotten the bulk of media attention, he explained that it is “not the primary driver of concern. It has to do more with the allergic reactions.”

As for the cost of mold remediation, property owners can expect small jobs (of less than 10 square feet of contamination) to range from $3,000 to $5,000. From there, the larger the job, the greater the cost can be.

“I think it’s important to note that it’s not about creating an alarming situation out of mold,” Kollmeyer explained. “You don’t need to hit the panic button but you do need to address it. Most mold problems are usually pretty simple to solve.”

Kollmeyer adds that a common problem in addressing mold issues comes from a misinformed remediation team that makes the mistake of trying to kill the mold rather than remove it.

“Whether a mold is dead or alive, the spores can still create allergic reactions. It’s really common sense. In a lot of cases, it’s a matter of cutting it out and somehow physically removing it, not just spraying bleach on it,” he added. cre

'Green' the housing market by adopting an existing certification program

David Cohen
Green With Ease

"Green" construction has recently fallen into the shadows of marketers who have jumped onto the global warming bandwagon with "green" fashion, "green" dining, "green" literature and other "green" platforms. However, getting back to basics, one of the primary concerns of the "green" initiative has been the impact of development and construction on the environment.

The United States Green Building Council (USGBC) estimates that buildings in the United States alone account for 39 percent of total energy used and 70 percent of all electricity consumption. In addition, buildings emit 30 percent of all greenhouse gases, use up 30 percent of all raw materials and output an average of 136 million tons of waste annually.

In theory, a "green" building should touch on the following characteristics: it should use less energy or generate its own; it should use less water or harvest its own; it should use fewer virgin and non-renewable resources; it should use as many local materials as possible to prevent unnecessary transportation; it should protect or improve the surrounding natural environment; and it should enhance the occupant and community's health, well being and productivity.

The challenge, however, is in figuring out what has been done to a particular building, or home, that can reflect improvements in those characteristics. There are more than 70 programs across the United States that have attempted to moderate the "green" construction efforts. The USGBC has created a certification process called LEED (Leadership in Energy and Environmental Design). LEED, recently, has had a lot of attention in the media because its main specialty, since its creation in 1993, has been commercial buildings and public-sector projects. Within the last few years, however, the USGBC has created programs that cater to more specific products such as commercial interiors, homes, schools, retail and, recently, neighborhoods.

The importance of LEED, or any other form of certification process, is that these are voluntary programs that have been created to standardize the industry, leaving subjectivity a thing of the past. LEED for Homes, for example, is quickly establishing itself as the brand for national "green" certification. In fact, when a LEED level is obtained, an actual plaque gets embedded into the building itself, kind of like a "green" stamp of approval for the efforts.

The real benefits are for the end user. In November 2006, a company called New Ecology, Inc. did a study on the costs and benefits of green affordable housing with the sole purpose of answering the question: "Is it worth it?" Through case study research, they were able to make assumptions based on the upfront costs, operating costs and replacement costs.

They found a small increase in up front project costs due to building green with a mean of 2.42 percent and median of 2.94 percent green premium of total development costs across the case studies. The study further showed that the total occupant (renter/owner) life-cycle benefits were $7,370 median per unit and $12,637 mean per unit.

An in-and-out developer should not experience loss or decrease in profit from any premiums to build green. They can pass the additional cost to the consumer as well as the operating and replacement benefits, since they have no long-term interest in the property. A study in 2003 by the Greater Vancouver Regional District concluded that quality of construction ranked as the number one priority in purchasing a home with energy efficiency, making it a large motivator for buying green. Respondents to this study were willing to pay for features that would deliver long-term cost savings. The main conclusion is that before prospective homebuyers assign a higher value to a particular green and/or "healthy housing" feature, they need to better understand the benefits that they would derive from it.

With that said, the survey indicated buyers were willing to pay the following premium for green features, based on unit size: 6.5 percent above mar-

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ket value for a one-bedroom unit, 2.5 percent more for a two-bedroom unit and 4.5 percent more for a three-bedroom unit. The decrease in premium for two-bedroom and three-bedroom units was due to the increased overall cost of those units.

Operating cost savings and utility conservation are huge buyer motivators, especially in a slow market. Owners look for new ways for products to differentiate themselves from their competition.

The number one reason for any cost premiums in any “green” construction method is not implementing that initiative in the strategy early enough. In basic terms, homebuilders may now acknowledge that it is the “right thing to do,” but if they don’t take the proper steps to find a program, whether it is LEED for Homes, Green Globes, or the Green Homebuilding Guidelines adopted by the National Homebuilders Association, they may find retrospect costing them unnecessary dollars. cre

Building industry weighs green tax break limbo

By Brian Sodoma
Special Publications writer

The state's green builders will have to enjoy what they're doing for the environment without the promised tax advantages they received two years ago.

After the state legislature in Carson City hurriedly pushed through Assembly Bill 3 in 2005 that offered up to 50 percent tax credits for up to 10 years for developers who apply for LEED (Leadership in Energy and Environmental Design) certification, it just as quickly put AB3's tax incentives on hold with the Senate's recent passing of Bill 567. At press time, Gov. Jim Gibbons is still mulling SB567 final approval.

Those in the development community are trying to stay positive while dealing with the shock of the state's quick shift. Legislators who have been pro-green for the past two years appear to be hitting the panic button while facing a possible $37 million budget shortfall this year alone, a number that goes even higher in the next two years. MGM Mirage is building the $7 billion Project CityCenter on the Strip and seeking LEED certification for it. Early reports indicate that MGM Mirage, alone, has qualified for nearly $80 million in tax breaks.

Mark Rossollo, director of state and local outreach for the Green Building Initiative (GBI), who was lobbying to try to add its rating system, Green Globes, to AB3, said the state needs to take a hard look at whether it is going to encourage participation in the flourishing green building field or not.

"I think the big question is 'are they serious about green building? Do they want to make this a priority or not?'" Rossollo said. "When you've got a program that is offering incentives then is having a problem with too much green building going on, something's wrong."

Under the current draft of AB3, LEED, developed by the U.S. Green Building Council, whose membership includes architects, engineers, developers, financial institutions and a host of other industry representatives, is the recognized certification the state was to embrace as a criterion for offering tax credits. Now, with SB 567, Green Globes (proposed as AB 295), which has a less stringent rating system than LEED, has no chance of being added to AB3. Another bill, SB 437, which would have extended tax credits to homeowners, is likely dead too.

Prior to the passage of SB567, Ralph Murphy, the former president of the local chapter of the National Association Industrial and Office Properties (NAIOP), while discussing the good and bad points of the two rating systems, said he felt some uncertainty about the green building incentive's longevity.

"Part of the concern, as the general fund resources get tighter in the years ahead, is that this is an incentive program that could be targeted for elimination," Murphy said.

But Murphy was also encouraged by NAIOP members' commitment to green building regardless of incentives being in place or not.

"What we're finding is that …[many] of our members are adopting a lot of sustainable practices, but not necessarily applying for LEED certification, which is, frankly, the best of all things," he said.

Murphy would not provide further comment on NAIOP's position with regards to the new legislation after SB567 was passed by the Senate.

Although not entirely clear yet, there is speculation that current projects registered as seeking LEED certification, there are 19 total, will likely be grandfathered into AB3.

"What's Irwin Molasky [with Molasky Corporate Center] going to do now?" said Rob Dorinson, president of Evergreen Recycling, a waste hauler/recycling company that is working on the Molasky project as well as MGM's Project CityCenter. "I think somebody's panicking here and not really looking at the whole picture."

Molasky representatives would not comment for this story.

Dorinson, like Sen. Bob Coffin, who voted against suspending the tax exemptions, said the economic stimulus AB3 helped create is something officials will need to take into consideration when redrafting or further suspending the incentives. Other states offering incentives have limitations. Oregon offers a 35 percent credit on the extra costs brought on by going green. Meanwhile, New York has capped its program at $25 million.

"To cancel it out seems a little strong at this point – when you've generated so much business activity because of this law. [Regardless] … of whether it's a good law or a bad law, it's had an effect," Dorinson added.

Pamela Vilkin, USGBC Las Vegas chapter president, isn't worried about the changes. The local USGBC chapter is more than 200 members strong and she expects to see little change in member activity or green development in general.

"I don't think there's anything horribly wrong with evaluating this. The bills don't come out perfect all the time," she said. "We forget, sometimes, the healthiest [bill] is one that's a win-win for everyone."

She also said that for the developers she works with in her green design consulting business, getting LEED certification is not always the goal. "I don't even take everyone to LEED. If you have a choice of putting something in a landfill or diverting it, it doesn't really matter [if the project is LEED certified or not]. Most developers just want to make the right decision," she said. cre

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