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THE MAGAZINE FOR SOUTHERN NEVADA COMMERCIAL REAL ESTATE

JANUARY 2009

10th Annual Henderson Economic Development Awards

SUPPLEMENT TO IN BUSINESS LAS VEGAS

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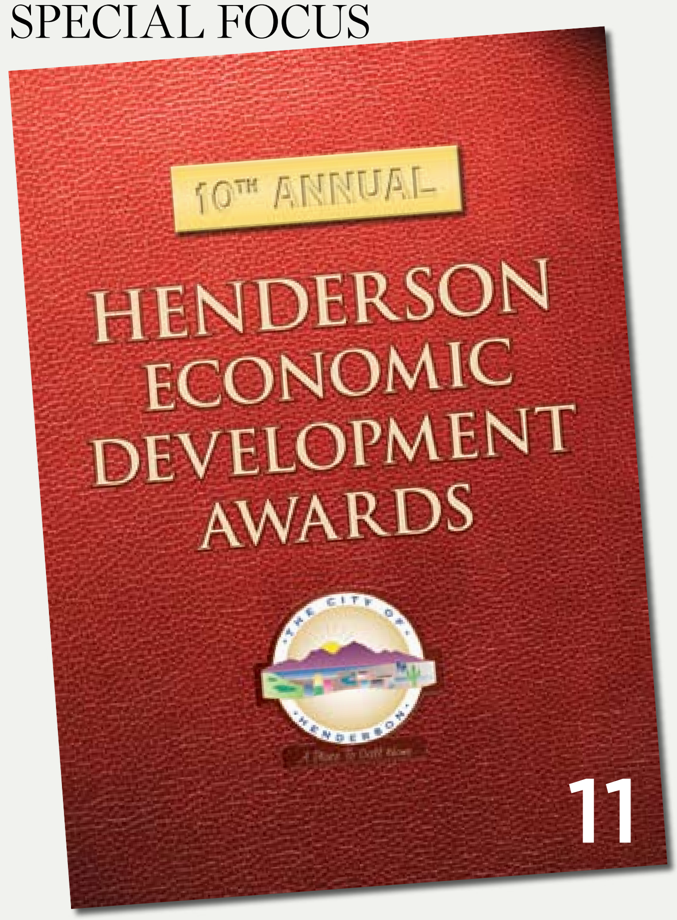
JANUARY 2009

Inside

SPECIAL FOCUS



ON THE COVER: Henderson Mayor James B. Gibson and Zappo.com's Tony Hsieh garner top honors at this year's event.

REALTY CHECK

Meet the Experts

JOHN RESTREPO
Principal — Restrepo Consulting Group

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John has provided economic consulting services in Nevada for 20 years. Restrepo Consulting Group is based in Las Vegas and is the oldest and most established economics and public policy research firm in Nevada. His clients include many prominent private and public organizations concerned with land use and growth. John has also been preparing detailed quarterly market surveys that track the Las Vegas Valley's industrial, office and retail markets since 1990.

DEAN WILLMORE, SIOR
Senior Vice President — Prudential CRES

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During the past 20 years as an agent/broker in Las Vegas, Dean has completed more than 620 office and industrial transactions valued at more than $525 million. He has been a member of the Society of Industrial and Office Realtors for the past 13 years and served as president of the Nevada chapter in 2002 and 2007. Dean was also national chairman of the SIOR Admission Committee and is a member of the SIOR National Ethics and Professional Standards Committee.

FROM THE EDITOR

Welcome to 2009, a year in which we expect to see a lot of things happen in the local commercial real estate market. While some projects have hit a slowdown, others are moving forward in typical Las Vegas fashion.

We kick off the year again with a special focus section on the Henderson Economic Development Awards. You'll find that coverage beginning on page 11.

This is the 10th year of these awards, and the program is always a great one. Among the honorees are new businesses to Henderson, companies that have expanded and commercial development projects. Individual honors include the Private Sector Award and the O'Callaghan Public Sector Award, plus a variety of other redevelopment accolades.

Also inside are features on the M Resort opening in Henderson this March, the Lake Mead Crossing development project and Cashman Equipment's new headquarters on St. Rose Parkway. Staff writer Brian Sodoma also delves into the Boulder Highway Investment Strategy and its plans to revitalize that corridor.

One of our most popular Realty Check columnists, John Restrepo, recaps the market for 2008 and looks into his crystal ball for '09. Additionally, you'll find a guest column from Dean Willmore, a senior vice president at Prudential CRES.

Inside, you'll also get to meet Lee Phelps with the Real Estate Group of Nevada. Phelps is the managing partner there as well as the president of the local chapter of the National Association of Industrial and Office Properties. We have a green-related story as well on Greenbuild 365, an online educational portal that offers classes and information about LEED certification through the U.S. Green Building Council.

Check back with us, too, in March. That's when we'll take a look at the progress of the development projects in downtown Las Vegas. <

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

With the new year, a milestone is reached for Gatski Commercial

Happy New Year! And for us here at Gatski Commercial — Happy Anniversary.

This month marks my 10th year of owning our company. I purchased Equus Management Corp. in January 1999, after having worked for the company since 1993, and started taking outside management clients. We changed our name to Gatski Commercial Real Estate Services in 2006.

My first outside property management client, Richard Aggen, remains a client 10 years and 6 million square feet later. Managing his commercial property by himself for many years, Richard realized he needed outside help and called us. At the time, I was in the process of purchasing the company. Over the years, our team has worked with Richard to manage his commercial property on the city's west side.

I have had many clients since January 1999, but there is nothing more rewarding than still having my first client. I am so proud to have Richard as a client and to have the opportunity to know him personally. When I talk to people, I say we now manage more than 6 million square feet, but I still have the same million I started with.

Despite our challenging economy, we feel there are huge opportunities for our clients and for Gatski Commercial Real Estate Services. We just have to work harder, work smarter and be open to opportunities that present themselves. For example, Gatski Commercial has been approached by banks and lending institutions in the valley to manage and lease their commercial real estate holdings. Companies that have handled property management in-house are now outsourcing management services, because it makes sense to do so financially.

I am more confident than ever that we are in a better position and better staffed to serve our clients at the very highest level in property management, leasing, investment sales, building maintenance and landscape maintenance.

Enjoy the insights featured in this edition!

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

GATSKI COMMERCIAL
REAL ESTATE SERVICES

Cox Business offers a stable network

Cox Business is proud to be a continued sponsor of *In Business Las Vegas CRE*. In the midst of these challenging times, we value the opportunity to reach out to businesses in our local community. Real estate developers and property managers are discovering the unique advantages of wiring buildings with solutions from Cox Business. As your trusted communications provider, Cox offers customized solutions for all commercial communications needs, including telephone service, high-speed Internet and special cable television packages for an office, waiting room or lobby.

Our CoxSmartSM Commercial Building Program offers a more tenant-friendly technology solution by offering one-source access to our complete suite of flexible telephone, data and Internet solutions, as well as a complete range of video services. With CoxSmart, you can offer tenants the type of technologies and expertise that give them the edge in their business:

- A full suite of high capacity telephone, Internet and cable television services that can be customized for each tenant no matter what level of usage.
- A single-source connection for communications solutions that eliminates the hassle of working with multiple providers.
- Local customer care and 24/7 technical support.
- Award-winning capabilities: 2008 winner of the J.D. Power and Associates Major Provider Business Telecommunications Services Study. In 2007, Cox became the first multiple system cable operator to enter the top tier of U.S. business Ethernet providers.

By turning your properties into CoxSmart buildings, you're deciding in favor of top-shelf voice, video and data telecommunications that help tenants operate more efficiently and effectively. It will help you attract and retain your valuable clientele while increasing your property's overall value.

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

David Blau
Vice President and General Manager
Cox Business Las Vegas

COX Business®

Cashman's positive impact

As a member of the Nevada business community since 1931, Cashman Equipment Co. always has been focused on efforts designed to impact our communities and customers in a positive and responsible manner during both rewarding and challenging economic periods.

Most recently, our own business needs led to the strategic design and development of a 308,000-square-foot Leadership in Energy and Environmental Design (LEED)-certified facility on 53 acres of land in Henderson. Our campus at 3300 St. Rose Parkway offers sales, service, parts, power solutions, rentals and a new retail Cat Gear store. And, not so obvious, are a multitude of facility features that conserve water, energy, natural gas and other finite resources. As the largest LEED-certified industrial complex in the state of Nevada and home to 320 of our 700 employees, Cashman Equipment looks forward to sharing in the continued growth of the Henderson business community.

Cashman Equipment is pleased to sponsor the Henderson edition of *In Business Las Vegas CRE* — The Magazine for Southern Nevada Commercial Real Estate.

MaryKaye Cashman
Chairman and CEO
Cashman Equipment Co.

CASHMAN CAT

John Restrepo, Principal, with **Maria Guideng,** Economic Researcher**, Restrepo Consulting Group LLC**

Economic Wrap-Up for 2008

Well, 2008 was quite a year. To say ’08 was atypical for the Las Vegas economy and its commercial real estate market would be a major understatement. Market indicators that historically and consistently have gone up went down dramatically. The same can be said for those indicators that traditionally go down. In this issue of *CRE*, we attempt to show how 2008 ended and what Southern Nevada can expect in 2009.

The economy

More job losses reported

The latest numbers released by the Nevada Department of Employment, Training and Rehabilitation (DETR) showed the Clark County economy losing 4,300 establishment-based jobs in a 12-month period ending in November 2008, bringing total employment down to 927,900. Locally, the national recession is affecting goods-producing industries (-7.7 percent loss) much more than the services-producing industries (-0.5 percent). However, goods production makes up only 13 percent of Clark County jobs, compared to 87 percent in services. In other words, Southern Nevada appears to be weathering the storm relatively better than many other regions, because of its service-based economy … so far.

During this period, there were 9,300 jobs gained in five of the 11 major Clark County employment sectors. Government (primarily in local government, including the Clark County School District) represented 5,300 (or 57 percent) of the year-over-year gains. This was followed by leisure and hospitality; trade, transportation and utilities; and other services. Natural resource jobs remained unchanged. That said, these gains were not enough to offset the loss of 13,600 jobs in the five remaining sectors. Construction and financial activities continued to be hit the hardest, followed by professional and business services, manufacturing and information services. As noted above, the result was a net job loss of 4,300 jobs relative to November 2007.

Unemployment numbers continue to climb

The DETR recorded 80,178 initial unemployment claim filings in Clark County during the 12-month period ending in November 2008, versus 51,972 filings during the same period in 2007, a very worrisome 54-percent jump. This was also six percentage points above what was recorded during the 12-month period ending October 2008. Total filings for the month of November also rose by 16 percent compared to this past October. Until this indicator shows a sustained improvement (at least six months), the Clark County and Nevada economies will remain in a deep recession.

Concerning the local unemployment rate, the officially reported estimate was 7.9 percent, 2.7 percentage points higher than the 5.2 percent recorded in November 2007. This equates to a spike of 49 percent and is the highest jobless rate seen in Southern Nevada in more than 20 years. In comparison, the Nevada and U.S. unemployment rates in November were 8 percent and 6.7 percent, respectively. By all accounts, the published estimate undercounts the actual rate. Based on our preliminary research, the “hidden” jobless rate after accounting for discouraged workers and part-time workers who can’t find jobs could be as high as 12 percent in Southern Nevada.

The commercial markets

Industrial market registers a weak year

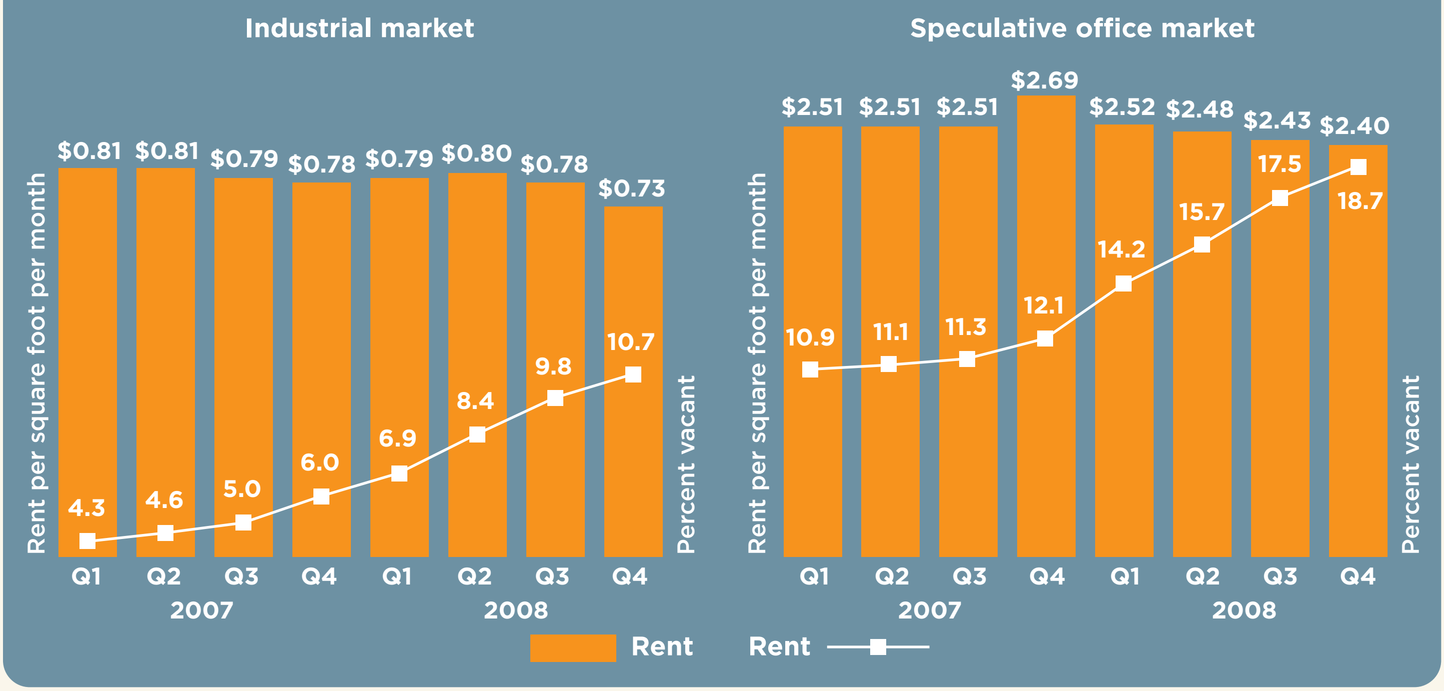
The Q4 industrial market survey prepared by Restrepo Consulting Group LLC and Colliers International reports the Las Vegas Valley market ended 2008 with 104.1 million square feet (sf) of inventory. Net absorption was negative for the third consecutive quarter. For the year, net absorption was a -813,900 sf, falling far behind the 4.4 million sf of new industrial product built in 2008. This is the lowest amount of annual new completions since 2005; in other words, back to levels posted from 1999 to 2005.

The recession has pushed industrial vacancy to 10.7 percent from the 6 percent vacancy in the Q4, 2007. Vacancy has been consistently trended up since Q2, 2006 and is now above the long-term benchmark of 10 percent. What is extraordinary is how quickly we reached a double-digit vacancy for an industrial market that was very supply-constrained for several years.

Q4, 2008 numbers also showed warehouse-distribution space having the lowest vacancy (6.3 percent) among the various industrial products, while R&D/Flex had the highest at 26.3 percent. Vacancy was up in all submarkets in the valley compared to Q4, 2007, with sharp rises in the airport, east Las Vegas and west central submarkets.

The average monthly asking rent in Q4, 2008 was $0.73 psf NNN (not accounting for any operating expenses), $0.05 lower than the $0.78 psf rent recorded for Q4, 2007. This is a welcome sign for tenants and users that were finding the Las Vegas industrial market increasingly expensive before the downturn. And obviously, not such a good sign for owners and developers, many of whom based their rents on “bubble” land prices of the last few years. Adjusting asking rents for inflation

Las Vegas Valley Industrial Market Rent v. Vacancy: Q1, 2007 - Q4, 2008



to our base year of 2001 indicates that industrial rents, in real terms, were not keeping pace with inflation until Q2, 2006. After adjusting Q4's average asking rent for inflation, the rate dropped to $0.60 psf just under the Q1, 2001 base rent of $0.62 psf.

Forward-supply (space presently under construction and space planned to begin construction in the next four quarters) declined to 3.8 million sf in Q4, 2008 from the nearly 5.9 million sf recorded for Q4, 2007. Of this amount, 1.1 million sf were under construction, representing 1.1 percent of existing inventory. The remaining 2.7 million sf of forward-supply at the close of 2008 was in the planning stages. Much of this future space was in warehouse-distribution facilities in North Las Vegas and R&D/Flex space in the southwest.

One of the measures we use to judge the current health and near-term future of our commercial markets is to compare the amount of existing vacant space and forward-supply, and divide it by historical quarterly absorption. Using the past 16 quarters' average absorption, we have accounted for the ups and downs in the business cycle. Accordingly, adding the 11.2 million sf of vacant space in existing industrial projects and the 1.1 million sf of under-construction space, then dividing by the 16-quarter-average absorption of 964,000 sf, results in a 3.2-year supply of space. If the 2.7 million sf of planned space were taken into account, the potential absorption period grows to four years.

With Q4 data showing a considerable deceleration, because of very weak demand, and more projects in the construction pipeline, fragile market conditions are expected to linger in 2009 and into 2010, marked by rising vacancies and moderate downward pressure on rents.

Speculative office vacancy at historical highs

The valley's speculative office market ended 2008 with 39.7 million sf of inventory. In addition to the 1.6 million sf of new office space that entered the market in 2008, tenants vacated 1.2 million sf of space in existing projects, resulting in an upsurge in available space for lease. New completions have outpaced net absorption for 11 straight quarters, sending the vacancy rate to a historical peak of 18.7 percent in Q4, 2008. This is 6.6 points above Q4, 2007's 12.1 percent rate.

Of the valley's eight office submarkets, downtown was the only submarket to end the year without a double-digit vacancy. Vacancy rose across all office categories when compared to Q4, 2007, with the largest jump in Class A space. Class A also had the highest year-end vacancy rate at 21.2 percent. The lowest rates were in Class B (15.6 percent) and medical office space (15.7 percent).

With plunging demand, overall office asking rents dropped for the past fpour quarters, settling at $2.40 psf FSG (accounting for all operating expenses) in Q4, 2008. This is 12.1 percent less than Q4, 2007's $2.69, and is the lowest asking rental rate since Q4, 2006. Adjusting historical monthly office rents for inflation to our 2001 benchmark shows that rents, in real terms, did not keep pace with inflation until Q4, 2006. Also, Q4's rent, after adjusting for inflation, was $1.99 psf, just 2.9 percent higher than Q1, 2001's average asking rent of $1.93 psf.

The 1.8 million sf of forward-supply recorded at the end of 2008 was significantly less than the 5.3 sf recorded for Q4, 2007, due to the cancellation and postponement of various planned office projects. Of this amount, more than 1.4 million sf were under-construction, representing approximately 3.6 percent of the existing inventory. The remaining 340,800 sf planned to begin construction in 2009 is the lowest quarterly level recorded since Colliers International and Restrepo Consulting Group LLC began tracking the office market together eight years ago. Forward-supply was concentrated in Class A product in the Northwest and Southwest submarkets.

If the 7.4 million sf of vacant space in existing office projects were added to the 1.4 million sf of under-construction space and then divided by the past 16 quarters' average quarterly absorption of 477,500 sf, the result would be a 4.6-year supply of spec office space in the valley. If all of the 340,800 sf of planned space at the end of Q4 were to be built, the period potentially grows to nearly 5 years.

The strong absorption rates experienced between 2005 and early

2007, combined with easy credit, sparked a major wave of office construction in Southern Nevada during the past four years. This resulted in a steady and rapid rise in vacancy, because of declining leasing demand resulting from the rapidly deteriorating local economy.

Looking forward, expect office demand to remain very restrained through 2009, because of dire employment conditions, and vacancy to rise further, because of 1.4 million sf of office space in the construction pipeline. As these projects are completed during the next four quarters, and construction continues to taper off, the market will be given a chance to stabilize. However, we don't expect the office market to show signs of recovery (vacancy below 10 percent) until some time in late 2010, at best.

"Anchored" retail market: not business as usual

Completions of anchored retail space in the valley during 2008 totaled nearly 2.2 million sf, bringing total inventory up to 4.2 million sf. The market absorbed a bit more than 1 million sf during the year, less than half the absorption recorded in 2007 and 2006, but comparable to the 934,124 sf absorbed in 2004.

With new supply outpacing demand in the valley's retail market, vacancy has been on the rise for the past 5 quarters, resulting in a year-end vacancy rate of 5.8 percent. This is 2.6 points higher than the 3.2 percent recorded in Q4, 2007. Compared to Q4, 2006, vacancy growth was seen in all submarkets except North Las Vegas, where it decreased slightly by 1 percentage point to 6.2 percent. Vacancy rose for all center types over the course of the year and, in Q4, settled at 3.8 percent for power centers, 6.3 percent for community centers and 6.5 percent for neighborhood centers.

Conversely, average asking rents declined to $2.04 per sf (calculated on an NNN basis, or not accounting for any operating expenses) from $2.17 recorded in Q4, 2007. Inflation-adjusting average retail asking rents to our base year of 2001 indicates that real retail rents have generally kept pace with inflation for most of the past 7 years. Q4's average asking rent of $2.04 psf, adjusted for inflation, equaled $1.69 psf. This is 15.3 percent above Q1, 2001's average asking rent of $1.47.

At year-end, there were 4.8 million sf of retail forward-supply composed of 2.4 million sf of under-construction space and another 2.4 million sf in planned projects. The amount of under-construction space represents 5.7 percent of existing anchored retail inventory when 2008 ended. Much of this forward-supply space was in planned power center space in Henderson.

There were just over 2.4 million sf of vacant space in existing anchored centers plus almost 2.4 million sf of under-construction space at year's end. Comparing these figures to the past 16 quarters' average absorption of 449,400, results in a 2.7-year supply of anchored space. Factoring in the prospect of another 2 million sf of planned space, the absorption period potentially grows to just under four years.

Consumer confidence and spending, as well as business investment, are at their lowest levels in years. And it doesn't help that consumers have debt levels also not seen in many years. This is reflected in retailers that have filed for bankruptcy, closed their doors or are struggling and, who in turn, are vacating their spaces. The positive absorption seen in 2008 is a brief respite from the weak retail leasing activity expected for 2009. Retail employment was down significantly from last year, and we are likely to see further store closures in 2009, as retailers and investors operate in an increasingly bleak retail environment.

Commercial sublease space

Sublease space in the valley represents a small but growing and important part of our three commercial markets. With the emergence of negative net absorption in these markets, we are paying a lot of attention to trends in the sublease sector. The challenge for our commercial development industry is that sublease space is often seen as a very attractive alternative by start-up businesses, new market players and companies experiencing rapid expansion or contraction. The reduced term and often lower rents, as well as completed space requiring no or very limited TIs, continue to make sublease space an attractive short-term solution for businesses dealing with uncertainty, and never more so than today.

In the valley's industrial sector, sublease space nearly tripled from the 296,621 sf recorded at the end of Q4, 2007 to 871,101 sf. Of this amount, 11 percent is occupied by sublessors. Adding the vacant sublease space to the direct vacant space in existing projects, industrial vacancy rose to 11.5 percent from the 10.7 percent noted above for Q4. This is a growing concern considering the potential length of the valley's recession, which we think will last through the first half of 2010.

Sublease space in the valley's spec office market has ramped up by a factor of three from the 271,547 sf in Q4, 2007 to 908,458 sf in Q4, 2008 (40 percent of this space was in Class B office product). This is an extraordinary year-over-year jump. Of this amount, 6.9 percent is occupied by sublessors. If vacant sublease space is added to the direct vacant inventory, the valley's total office vacancy in Q4 rises to 20.8 percent from the 18.7 percent noted previously, making the office market the valley's weakest segment for the foreseeable future.

Anchored retail sublease space rose from 54,559 sf in Q4, 2007 to 223,025 sf in Q4, 2008, a 300 percent spike in just one year but a relatively small amount considering the size of the valley's anchored inventory. Of this total, 11.5 percent is occupied by sublessors. When vacant sublease space is added to directly vacant space, the valley's anchored retail vacancy at the end of 2008 moved slightly upward to 6.3 percent from the 5.8 percent direct rate.

Further thoughts

If there was ever an argument for the benefits of amnesia, it applies to the events of 2008. The near collapse of the financial markets combined with one of the deepest recessions in memory (13 months long and counting) saw consumer and business confidence and spending plunge, further dragging down the Southern Nevada and national economies. And at the base if it all was a housing market crash preceded by a massive housing market bubble — quite amazing. These events had a profound impact on the performance and health of local commercial real estate markets in 2008. The office market is expected to be on life support for at least 18 months, our once-vaunted industrial market saw vacancy edge up to the low double digits and, even anchored retail, which has been very supply constrained, is seeing a steady trend in rising vacancies.

And the dismal business news from around the globe didn't help. Three cases in point:

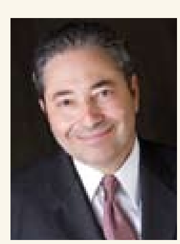
- Toyota reported its first operating loss in 71 years, because of plunging demand. The company reported a $1.7 billion loss this year through March.
- China, according to The Wall Street Journal, is seeing labor strikes around the country, because of rising layoffs and bankruptcies.
- Several European governments are considering bailouts of their respective economies, albeit at lower levels than the United States.

Additionally, according to a recent release by the U.S. Census Bureau: "Nevada, which had been among the four fastest-growing states each of the last 24 years, grew 1.8 percent and ranked eighth over the most recent period." The period in question was July 2007 to July 2008. On the other hand, the bureau also noted that, "Six of the 10 fastest-growing states from 2007 to 2008 were Rocky Mountain states: Arizona, Colorado, Idaho, Nevada, Utah and Wyoming." This is very good news and speaks to the good fortune Nevada has being located in the very desirable southwestern United States.

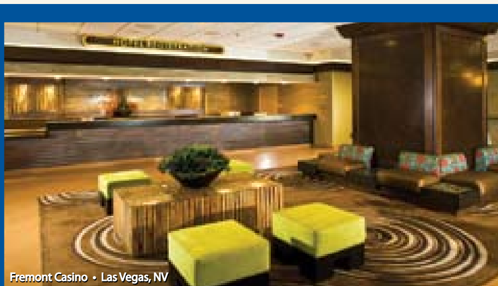
The latest estimates show a growing federal stimulus of $2 trillion, starting with the $123 billion check mailing last February and ending with the recently announced $825 billion. And no one really knows how effective the stimulus will be, and how long it will take to percolate down to state and local economies.

So what does all this mean for Southern Nevada? It means that we continue to have healthy long-term economic prospects but that we are experiencing a sea change in our economy and community. It is a change that is not likely to revert any time soon, if ever, to the frenzied growth of the 1990s and early 2000s. It also means, as we have often said, that until consumer confidence and spending, and business investment, are restored for a sustainable period, we will be in for a plodding recovery.

In other words, there is no quick fix. The current recession and financial crisis are unmatched in size and complexity in modern history. That said, we have all made investments in Southern Nevada, both personal and professional. They're investments that are not easily given up, because of Southern Nevada's history of comebacks and long-term prospects, which are, in large measure, the result of the resilience of our economy and of our citizens. <



John Restrepo is Principal of the Restrepo Consulting Group LLC.



10TH ANNUAL

HENDERSON ECONOMIC DEVELOPMENT AWARDS

THE CITY OF HENDERSON

A Place To Call Home

Mary Kay Peck — City Manager for the City of Henderson

Success comes with hard work and planning

During the past 10 years, the city of Henderson has become a hub for economic growth in the Las Vegas Valley. Through this business growth, our city continuously has seen new levels of excellence achieved, which benefits our entire community.

Henderson's economic diversification has resulted in the attraction of world-class medical facilities and international investments of professional services and manufacturing operations, and has become home to 13 higher-education institutions.

This year's Economic Development Awards Program marks the 10th anniversary of celebrating our business community's success. We also celebrate the positive impacts it has made to Henderson's quality of life. In fact, we have had the honor of saluting and recognizing more than 300 new and local businesses during the past decade for their investments in Henderson, which total more than $1.5 billion in positive economic impacts to the community.

The 2008 business awardees and commercial developers are a great addition to our growing list of community leaders who have the vision and commitment to Henderson's economic future. The estimated economic impact to the community of our 2008 awardees is more than $148 million in commercial real estate investments and new annual payrolls.

Economic stability achieved by building an infrastructure that creates a successful community doesn't come without hard work and planning. The city of Henderson works closely with its community partners to properly build and grow our award-winning community.

One such partner is the Henderson Development Association (HDA), a division of the Henderson Chamber of Commerce. The HDA works closely with the city's Economic Development division to develop and expand the primary job base of the Henderson area through a variety of programs and services.

Henderson's Journey to Excellence is not just the result of the work of a few people — or even a few organizations. It takes the efforts of an entire community to build a city — a city like Henderson — that has proven to be a great place for more than 270,000 people to live, work and play.

I congratulate all of the outstanding businesses that continue to call Henderson home. We look forward to another 10 years of extraordinary economic diversification in Henderson and working in collaboration with our business partners for the benefit of our residents.

Sincerely,

Mary Kay Peck, AICP
City Manager

THE CITY OF HENDERSON
A Place To Call Home

[Impact Award]

Juliet Cos.

Redevelopment of neighborhoods truly takes hold when visionaries identify areas of need and are willing to be the first to invest resources in the area. Identifying the need for more retail amenities in the downtown Henderson corridor, Juliet Cos. saw the future site of Lake Mead Crossing as an ideal location for a successful retail complex. Additionally, the number of people who ultimately would be affected by a shopping center of this size is what made the project even more attractive to the company.

Lake Mead Crossing debuted in October 2008 and already has made an impact on the city of Henderson's downtown redevelopment area. However, it is the project's long-term impact that makes Juliet Cos. so worthy of recognition.

At approximately 725,000 square feet, the 74-acre master-planned Lake Mead Crossing is one of the largest retail developments ever to be built in Henderson; it will bring national tenants to an area that is vastly underserved. The center is anchored by a 151,000-square-foot Target store that opened in the summer of 2008. Located in the city's downtown redevelopment area on the northwest corner of Lake Mead Parkway and Water Street, the completed project will feature other nationally recognized tenants, including Sportsman's Warehouse, PetSmart, Staples, Ross, Marshalls, Famous Footwear and Rack Room Shoes, as select anchor and junior anchor tenants.

The project is expected to employ more than 1,000 people and has an estimated tax increment of $24 million that will be invested back into future redevelopment projects. Inland Western Retail Real Estate Trust Inc. is the equity partner in the joint venture.

Las Vegas owned and operated since 1986, Juliet Cos. is a full-service development company with extensive experience in the development, construction and management of commercial and residential real estate. <

[Outstanding Partner Award]

RAFI: Planning, Architecture and Urban Design

Planning and designing projects across Nevada for more than 25 years, RAFI: Planning, Architecture and Urban Design recognizes the importance of redeveloping cities and restoring the vibrancy and energy of neighborhoods. When looking to relocate its corporate offices, the company felt it was important to move to a redevelopment area and thoughtfully chose downtown Henderson, hanging its shingle on Water Street.

Since relocating to the area, RAFI has embraced Henderson and the Water Street District's sense of community by participating in all major events; getting involved as a member of Library Tree Lane, a subgroup of Friends of Henderson Libraries; donating to Whitney Library and the Clark County Museum Guild; participating in the weekly Farmers Market; and participating in every Third Thursday by opening its offices to the public; and hosting a local artist each month and displaying their artwork for two weeks.

RAFI also is contributing its talents to the revitalization of the area. Resident designer Chris Teachman placed second in a design contest for affordable living homes in the downtown redevelopment area. And, RAFI has been selected as the design firm to remodel the Henderson Convention Center, which is slated to begin when the local economy improves.

RAFI is a multifaceted planning, architecture and urban design firm with three studios; its primary office is in Southern Nevada. The firm specializes in providing comprehensive client services for advanced planning, real estate evaluations, programming, site planning and the design of long-range master-planned facilities, places and towns. With Dr. Robert A. Fielden, NCARB, FAIA, and Laura Jane Spina, RID, as its senior firm principals, the practice is in its second generation of professional service, leadership and contributions toward clients' needs.

2008 Private Sector Award

Tony Hsieh: Zappos.com

Established by Nick Swinmurn in 1999 to offer the absolute best selection of shoes in terms of brands, styles, colors, sizes and widths, the 10-year-old Zappos.com was created as a service company that just happens to sell shoes. Young entrepreneur and self-made millionaire Tony Hsieh partnered with Swinmurn to run the site, and in 2004, the team moved the company from San Francisco to Henderson with goals of expanding.

And expand they did. The concept of being a service company first and a retailer second boded well for the Zappos.com team, which continued to expand the company's offerings. Adding handbags, clothing, eyewear, watches, accessories, housewares, electronics and cookware to its selection, customers now can find nearly 2,000 products at Zappos.com.

Since making the move to Henderson, the company's staff has grown from 70 to nearly 900, with more than 1,500 companywide. The company boasts a 91 percent satisfaction rate among employees — and for good reason. Zappos.com provides employees with a wide range of benefits, including insurance coverage, a fun work atmosphere, outside activities, access to top management, rigorous training at the company's Zappos University, unique perks such as help with fighting identity theft and much more.

Zappos.com's gross sales have grown from \$1.6 million in 2000 to \$840 million in 2007. The company expects to hit \$1 billion in gross sales for 2008. <

Past Private Sector Award Honorees

2007 Bruce Spotleson, Greenspun Media Group
2006 Andrew Lessman, Procaps Laboratory
2005 Dr. Michael Crovetti, MERIN
2004 Dr. Harry Rosenberg, University of Southern Nevada
2003 Chris Vito, HealthSouth Rehabilitation Hospital
2002 Leslie M. Dunn, Dunn Companies Partnership
2001 Rod Davis, St. Rose Dominican Hospitals, and **Phil Peckman,** The Greenspun Corporation
2000 Tim Snow, Thomas & Mack Company
1999 Frank McRae, Nevada Power Company

[**2008 O'Callaghan Public Sector Award**]

Mayor James B. Gibson: City of Henderson

Established in 1953, Henderson was long known as a small industrial town on the outskirts of Las Vegas. By the early 1990s, the city of Henderson's population had grown to about 60,000 people. With its first master-planned community built in Green Valley, the city was poised and ready for leadership that would help take it to a new level.

In 1997, the city found that leadership in its newly elected mayor, James B. Gibson. Gibson set the standard in Henderson for what can be accomplished when vision is combined with determination.

Henderson, Nevada's second largest city at a population of more than 280,000, has become a model for success nationwide. In fact, *Money Magazine* has recognized Henderson twice as one of the best cities in America to live; *Forbes* has recognized Henderson as one of the best places in the nation for small business; and the Henderson police and fire departments hold prestigious national accreditations.

Henderson also has been recognized on local, state and national levels for its commitment to education, youth and sports programs, parks and trails, the development services, fiscal accountability and budgeting, safety and customer service.

Under Gibson's vision and leadership, the city of Henderson is one of the premier communities in the country to live, work, do business and raise a family. City leaders from around the world visit Henderson on a regular basis to learn what has made the city so successful. <

In honor of the beloved and well-respected former Nevada governor and *Las Vegas Sun* executive editor, Mike O'Callaghan, and his wife Carolyn, the annual O'Callaghan Public Sector Awards recognize the top individual public-sector contribution to the community.

Past O'Callaghan Public Sector Award Honorees

2007 **Bruce Woodbury,** Clark County Commissioner
2006 **Fred Maryanski,** City of Henderson
2005 **Ron Patterson,** City of Henderson
2004 **Debra Solt,** Community College of Southern Nevada
2003 **Ken Koshiro,** City of Henderson
2002 **Kathleen Frosini,** Clark County School District
2001 **Joan G. Kerschner-Tinker,** Henderson District Public Libraries, and **Ron Meek,** Community College of Southern Nevada
2000 **Tracy Foutz,** City of Henderson
1999 **Michael Bouse,** City of Henderson

New Business Profiles

Datanamics provides single-source voice and data networking solutions to a variety of industries.

Twelve companies are recognized in the New Business category. These companies have relocated or expanded their operations to Henderson in 2008. These companies collectively employ more than 340 staff, occupy approximately 166,000 square feet and will create an economic impact of about $28 million.

Able Body Labor

www.ablebody.com

Able Body Labor is a family-owned and -operated temporary staffing firm based in Palm Harbor, Fla., with offices throughout the country. The company established a Western headquarters office in Henderson this past year. Able Body Labor specializes in construction, skilled trades, event staff and light industrial workers.

Bon Tool Co.

www.bontool.com

Bon Tool Co. manufactures and distributes a variety of professional hand tools, including those used in masonry, concrete, stucco and drywall work. A leader in the development of professional tools, Bon Tool recently celebrated its 50th anniversary and established a 25,000-square-foot regional distribution center in Henderson.

Datanamics Inc.

www.datanamicsinc.com

Established in 1977, Datanamics Inc. is a full-service networking, information technology consulting and laboratory-testing firm. The Henderson office serves as the company's corporate headquarters. Datanamics has differentiated itself in the marketplace by providing a sophisticated single-source voice and data networking and information technology solutions to a variety of industries.

FDM4 America Inc.

www.fdm4.com

For more than 20 years, FDM4 America Inc. has focused on becoming a leading provider of software solutions for the distribution and catalog industries. Serving as the U.S. headquarters for Canada-based FDM4 International, the company occupies a 7,200-square-foot facility in the Anthem Business Park.

Gripos LLC

Headquartered in Henderson, Gripos is a leading manufacturer of motorcycle, bicycle and golf grips. The company operates out of a 20,000-square-foot facility in the Green Valley Business Park.

MassMedia Corporate Communications

www.massmediacc.com

Founded in 1997, MassMedia Corporate Communications is a leading public relations, advertising, government affairs and marketing agency that aids in developing strong corporate reputations. Relocating to Henderson in July 2008, the firm operates out of a 7,000-square-foot building.

Ogden Benefits Administration

www.OBATPA.com

Ogden Benefits Administration is a third-party administrator specializing in employee benefit plans including medical, dental, section 125 and COBRA. The company relocated from Anaheim, Calif., to Henderson in 2008.

Pioneer Behavioral Health

www.phc-inc.com

Pioneer Behavioral Health operates companies that provide behavioral health care services, clinical research and referral services. The Seven Hills Behavioral Institute, which opened last May, operates out of a 25,000-square-foot hospital and houses 58 patient beds as well as social areas, dining and activity facilities, and nursing stations.

SEA Groups

Serving as the U.S. corporate headquarters for the Shanghai, China-based company, the Henderson branch of SEA Groups aids in creating solar energy applications and products, with an emphasis in solar thermal products, affordable solar water heater, solar space heating and solar air conditioning for domestic and commercial purposes.

US Advanced Medical Research Inc.

www.hylunia.com

US Advanced Medical Research Inc. is a trusted skin care brand used by physicians and spas around the world. Relocating from Pennsylvania in 2008, the Henderson facility serves as the corporate headquarters and the head of manufacturing, training, research and development for the company. Its 13,000-square-foot facility is located in the Black Mountain Industrial Center.

Webgistix Corp.

www.webgistix.com

Founded in 1988, Webgistix Corp. is a global leader in fulfillment solutions. The company's state-of-the-art technology and new 30,000-square-foot distribution center in Henderson will support a growing demand from e-commerce retailers.

Zimmerman Industries

www.zimmermanindustries.com

Zimmerman Industries, credited with inventing the fist Mobile Concrete Mixer in 1960 and boasting more than 60 patents, is a leader in the concrete industry. The company's new Henderson location serves as a regional sales and service office for the West Coast.

Local Business Expansion

K2 Energy Solutions provides energy storage products, such as batteries for electric and hybrid vehicles.

Eight companies are recognized in the Local Business Expansion category for creating new jobs and making new capital investments with their 2008 expansions. Combined, these companies will add approximately 200 people, occupy an additional 261,000 square feet as a result of their expansions and create an economic impact of nearly $32 million.

K2 Energy Solutions Inc.

www.k2energy.com

K2 Energy, which doubled its space this year, provides energy storage products critical to alternative and mobile energy markets. These products include batteries and battery systems for electric vehicles, hybrid vehicles, wind and solar storage, and small mobile energy storage.

NationWide Power

www.nationwidepower.com

With more than 15 years of service behind it, NationWide Power has provided power solutions including uninterruptible power systems, battery maintenance, generators, power quality audits and electrical plans to corporations around the country. NationWide moved into a new and larger 21,000-square-foot facility in the Henderson Commerce Center in 2008. The company offers preventable maintenance along with emergency and professional services.

Records Readiness Corp.

www.recordsreadiness.com

Records Readiness Corp., a newly formed subsidiary of the Data Empowerment Group, is focused on providing online enterprise-wide records management training to mid- and large-size companies. This service helps companies address their growing compliance issues that have resulted in updates to the Federal Rules of Civil Procedure.

Southwest Gas Corp.
www.swgas.com

In 1953, Southwest Gas Corp. began fulfilling the natural gas needs of Las Vegas Valley residents. Today, the company serves more than 580,000 customers in Southern Nevada. The company is completing a new regional operations and training center campus in Henderson, which is planned to open in June 2009.

Southwest Steel LLC
www.smesteel.com

A steel fabrication and erection company, Southwest Steel LLC offers services in all phases of designing and constructing with steel. The company fabricates and erects steel structures for hotels, casinos, shopping malls, convention centers and high-rise buildings. The company recently acquired and expanded an adjacent property, providing additional production capabilities.

Unique Communications Solutions
www.unique.net

Unique Communication Solutions was founded in 1984 to solve the need for a complete telephone management system in the public and private sectors. The company has since strived to provide innovative telephone management software solutions for small and large enterprise networks worldwide. Based in Henderson, Unique Communications relocated to a new and larger space in the city this past year.

University of Southern Nevada
www.usn.edu

The University of Southern Nevada is a private nonprofit institution of higher learning offering a Doctor of Pharmacy, Master of Business Administration, Bachelor of Science in Nursing and advanced education in orthodontics and dentofacial orthopedics through the newly launched College of Dental Medicine.

The University of Southern Nevada offers several programs in its new College of Dental Medicine.

Weber Distribution
www.weberdistribution.com

Weber Distribution is a Los Angeles-based provider of warehouse and transportation logistics. Locally, Weber Distribution has a transportation terminal in Henderson that recently completed a 71,000-square-foot expansion consisting of office and warehouse space. The company specializes in four areas: food and beverage, import and retail, chemical and paper.

Commercial Developer Projects

Anthem Professional Plaza features 31,000 square feet of Class A office space.

Eight commercial and industrial developers are recognized for their development projects in 2008. These projects will provide more than 881,000 square feet of office and industrial space in the Henderson market with an economic impact in excess of $88 million.

Anthem Professional Plaza

Developer: MMB Group

Project Architect: Pacific Concepts LLC

General Contractor: Rafael Construction Inc.

Leasing Agent: Lee & Associates – David Flynn, Chuck Witters, Kris Watier: 739-6222

Anthem Professional Plaza is a Class A office building offering approximately 31,000 square feet of two-story office space in the heart of Anthem. Situated on a bluff overlooking the valley, the plaza features Class A finishing, adjacent retail amenities and convenient parking. Spaces +/- 1,200 square feet are available.

Corporate Six

Developer: American Nevada Co.

Project Architect: TKC Designs PC

General Contractor: The Korte Co.

Leasing Agent: American Nevada Realty – Charles Van Geel: 990-2191

Located within the prestigious 90-acre Green Valley Corporate Center at Green Valley Parkway and the 215 Beltway, Corporate Six is a sophisticated, 134,000-square-foot, Class A, four-story office building. It is the first "green" building to be developed by American Nevada Co. and is anticipated set an unprecedented standard for Class A office buildings in the Henderson-Green Valley office market.

Eastgate Plaza II

Developer: Thomas & Mack Development Co.

Project Architect: KKE Architects

General Contractor: Summit Builders

Leasing Agent: David R. Scherer, Barton Hyde, Michael Hsu and Matthew Kreft: 733-7500

Eastgate Plaza II is a new, six-story, 140,000-square-foot, Class A, corporate-image office building occupying a prominent corner location on Stephanie Street and Warm Springs Road. Featuring green-tinted low-E glass to optimize energy efficiency, the building is situated next to Eastgate Plaza I, an existing four-story office building with matching architecture.

Henderson Commerce Center IV Phase II

Developer: Harsch Investment Properties

Project Architect: VLMK Consulting Engineers

General Contractor: TWC Construction

Leasing Agent: Colliers International – Dan Doherty, Patti Dillon and Laura Hart: 735-5700

Situated on more than 41 acres, Henderson Commerce Center IV is a master-planned business park. Phase II consists of five buildings totaling nearly 241,000 square feet of flex/office and light distribution space. Buildings range from +/- 34,291 to +/- 70,029 and are divisible to +/- 4,119. The buildings boast ceilings as high as 24 feet, energy-efficient lighting and spec suites that are available for immediate occupancy.

Pecos Building

Developer: Mertz Properties

Project Architect: Dekker/Perich/Sabatini

General Contractor: United Construction Co.

Leasing Agent: MDL Group – Craig Meade: 388-1900

The Pecos Building project is a wood-framed, 23,742-square-foot, mixed-use building situated at the corner of Windmill Parkway and Pecos Road. The 10,981-square-foot first floor is designed to accommodate multiple retail tenants, and the 12,971-square-foot second floor is designed for single or multiple office tenants.

Ridgeview Business Park

Developer: JD Construction

Project Architect: KC Kamics

General Contractor: JD Construction

Leasing Agent: Prudential CRES/IPG Wilmore Team: 363-7600

Ridgeview Business Park is a 14-acre industrial park located at the corner of Lake Mead Parkway and Olsen Street, just east of Lake Las Vegas. Phases I and IV of the four-phase project are complete, with buildings ranging in size from 3,500 to 10,000 square feet. The property features 24-foot clear height, grade level doors; 3-phase, 600 amp power; energy-efficient skylights; and built-out offices ready for move-in.

Valley Freeway Center III

Developer: Conde Del Mar Properties

Project Architect: Ron Wilson

General Contractor: Solid Construction

Leasing Agent: Colliers International – Mike DeLew, Kevin Collura and Greg Pancirov: 735-5700

Phase III of the Valley Freeway Center features 155,832 square feet of office, warehouse and showroom space on more than 10 acres of land. Situated near Warm Springs Road and U.S. 95, the project features 17 suites ranging in size from 1,931 square feet to 3,841 square feet. Additional amenities include grade level doors; 200 amps, 120/208 volt, 3-phase power per unit; I-G zoning and more.

Vantage at Horizon Ridge

Developer: Joseph DeSimone & Vinicio Murillo

Project Architect: John David Burke

General Contractor: Hadfield Construction

Leasing Agent: First Federal Realty DeSimone – Joseph DeSimone and Vinicio Murillo: 990-8660

Vantage at Horizon Ridge consists of six office and medical-use buildings totaling nearly 52,000 square feet. Already home to 15 physicians and businesses, the property offers single-story spaces on West Horizon Ridge Parkway near Carnegie Street in Henderson.

2008-09 Henderson Development Association Board of Trustees

Collaborative Partnerships

The Economic Development Division has been actively building strategic partnerships to support its diversification efforts. Public and private partners play important and direct roles in business recruitment, local business expansion and/or retention, and small business start-up programs.

Economic Development Division's Real Estate Advisory Group

This group was organized to support and assist solely with real estate-related issues of relocating or expanding businesses. More than 40 real estate professionals actively assist the city with their input and advice.

Economic Development Division's Resource Partners

This group was organized to support and assist with all aspects of the city's economic development programs and services, except for real estate. Services include provision of labor market information and identification of training programs, university and community college extension programs, visitor information, taxes and/or incentives, and other similar issues.

Henderson Development Association

This group is a key partner in the city's economic development programs. The HDA represents leaders from various community businesses and supports economic development efforts, and identifies local business issues and helps to resolve them in a business-friendly environment.

Southern Nevada Medical Industry Coalition

The regional group organizes and prioritizes the delivery of complimentary services to the local medical and health care industries. The group works together to strengthen formal networks of business, government and education through the creation of new strategic alliances, collaborating on human resource issues and opportunities, and prioritizing legislative issues.

Growth

Infrastructure improvements will begin in late 2009 on Cadence, a 2,200-acre community located in Henderson.

Reaching out

Henderson redevelopment efforts trending east

With redevelopment efforts struggling as builders grapple with access to capital, Henderson redevelopment officials are using the downtime to build relationships with redevelopment area residents and businesses to better gauge their future needs. And those efforts are extending far beyond the city's redevelopment anchor known as Water Street.

Reaching out to area residents and businesses is part of an east-side reinvestment strategy adopted by the city in 2006. Broadly, the boundaries for the east-side redevelopment area are: Boulder Highway on the west, Lake Mead Parkway on the east and Russell Road on the north. A smaller section of the redevelopment area also crosses Boulder Highway west to U.S. 95, and south to Warm Springs Road. Another small section also extends eastward from Lake Mead Parkway to Pueblo Boulevard, then south to Burkholder Drive (see map).

Last year saw the city reaching out to redevelopment zone residents to talk about neighborhood improvement grants and other issues, said Michelle Romero, Henderson's redevelopment manager.

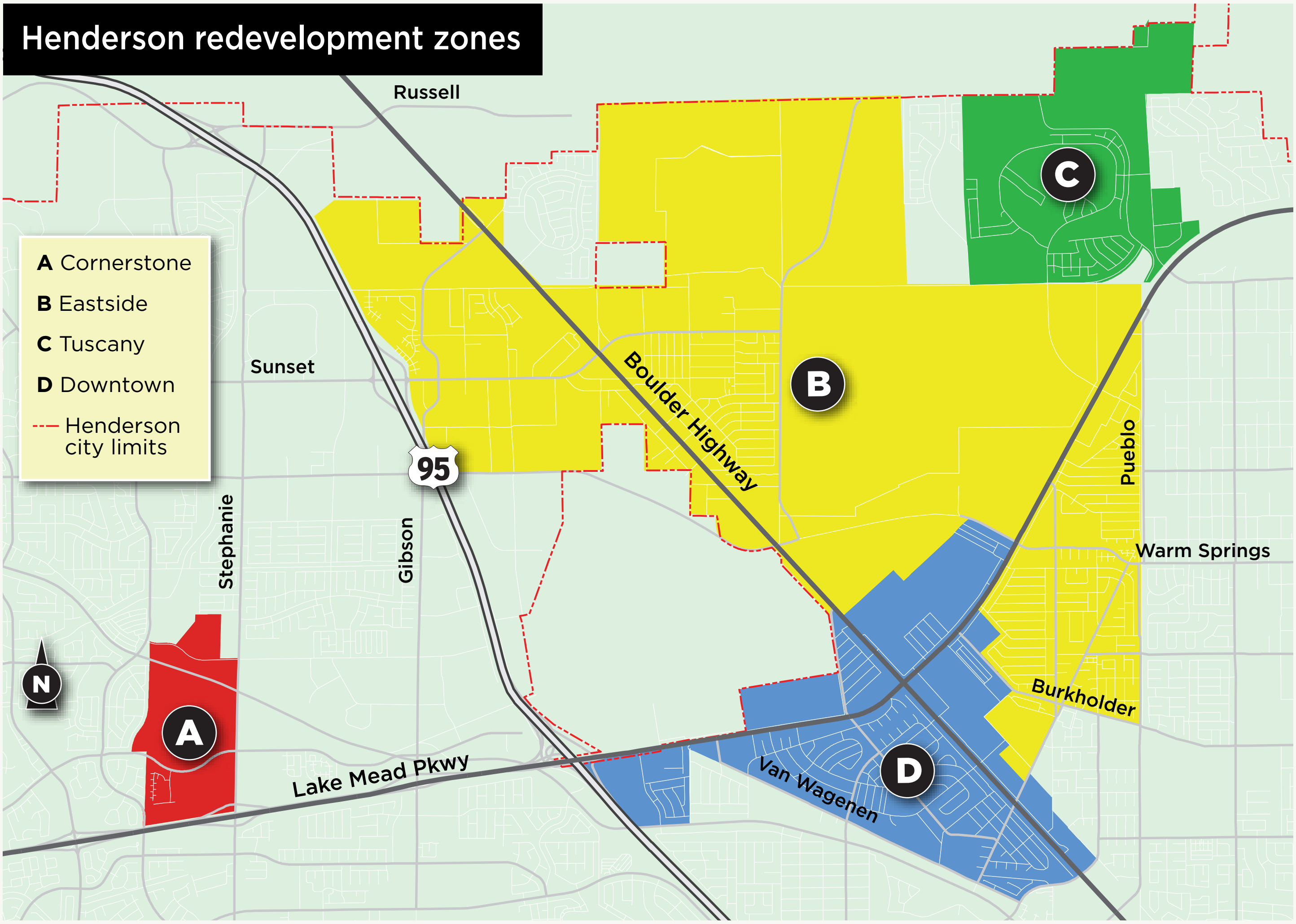
"We've done stakeholder interviews with residents. We'd like to create opportunities for interaction in an informal environment, so we can gather as much information … and put programs in place that address those needs," she said. "What we have seen is people are eager to see neighborhoods thrive. They're willing to participate."

Business outreach

The redevelopment office also is reaching out to business owners on the east side of the city as well as businesses along the Boulder Highway corridor, an eight-mile stretch running from Russell Road on the north to U.S. 95 on the south. Romero said the current focus for outreach is the stretch of Boulder Highway between Sunset and Warm Springs roads, an area with a lot of individually owned businesses, many of which are automobile-related.

"They've been open to talking to us. … Since (the east-side

East Side Story



> "As the city continues to march west, people are now starting to circle back and look for infill opportunities. A really big component of that is LandWell."
>
> **Bob Cooper**
> City of Henderson Economic Development Manager

area) is so large, we're trying to break it down into quadrants," Romero said of the effort.

Redevelopment officials currently are taking steps to create a downtown business association for merchants on Water Street, allowing them to cross-market and share resources. But it's also an effort they see extending to the eastern areas of town.

"We'd love to be able to get something like that on the east-side area if that's going to meet their needs," Romero added.

For now, the goal is to get one business association going, whether it be in the Water Street District or elsewhere, then establishing another in a different quadrant, Romero added.

Boulder Highway

Gloria Elder, senior planner for the city of Henderson, oversees the city's Boulder Highway reinvestment strategy, which was adopted by the City Council late last year. Currently, new zoning guidelines are being drafted for much of the Boulder Highway corridor, said Elder, which encourages higher-density residential development and allows for zoning that complements that type of development.

"If we see more dense residential development along the Boulder Highway corridor, you will have more people patronizing businesses along Water Street as well," Elder added, explaining that the two areas can complement and feed one another with the right mix of development between them and along Boulder Highway specifically. In the future, bus "connector" routes from the Boulder Highway corridor to Water Street are envisioned.

Elder also said the city is now modifying its landscaping codes along Boulder Highway. The current guidelines require "a lot of landscaping," she continued. The city is evaluating both drought tolerant options as well as landscaping that can provide shade along the corridor, where a linear park is planned. Even now, most of the corridor's walking and biking trails — from the Boulder Highway and

A police substation is part of the development plans for Henderson.

Racetrack Road intersection to Boulder Highway and Lake Mead Parkway and even further north — are completed.

"It's important to get some shade out there right now," Elder said about the landscaping modifications. "These changes are more toward purpose rather than simply beautification. … We do want the area to be friendlier for pedestrians and bicyclists. But we don't want to take away from the circulation of the corridor."

In 2009, the city also will be upgrading utilities and landscaping along the stretch of Water Street between Lake Mead Parkway and Boulder Highway, approximately $5 million in improvements.

With the landscaping and zoning changes, Elder said the goal is to make changes that work well with the ACE rapid transit system being implemented by the Regional Transportation Commission of Southern Nevada (RTC). Originally, there were to be nine stations along the Boulder Highway corridor in Henderson. But due to budget constraints, the initial implementation of the system in 2011 will only include three stations; the remaining six will be added at a later time, the planner said.

LandWell

A development that has been greeted with its share of optimism and skepticism, LandWell Development's remediation work of the 2,200-acre site east of Boulder Highway that was once home to Basic Magnesium Inc., an industrial site that produced magnesium for the World War II effort, is moving along as planned. Remediation efforts began in 2007 and continued through 2008. LandWell chief executive officer, Mark Paris, said he hopes to have the site cleaned up by year-end. Some $60 million has been put into the site remediation so far, while another $70 million is expected for this year's efforts.

"As the city continues to march west, people are now starting to circle back and look for infill opportunities," said Bob Cooper, the city's economic development manager. "A really big component of that is LandWell."

Cooper is most excited about some of the mixed-use potential at Cadence, the formal marketing name for the community, which will one day have more than 2,000 houses in it.

The first phase, which will begin construction when the economy turns around, will have 900 housing units as well as a 200,000- to 250,000-square-foot mixed-use "town center" complex, Paris said. The site also will have a locals casino complementing the retail and office spaces that will wrap around existing retail at the northwest corner of Lake Mead Parkway and Boulder Highway. LandWell has been in talks with Boyd Gaming concerning possibly developing the casino site.

The CEO said the current economic climate is not as tough for LandWell, since the land is owned outright. Detailed plans are drawn, and all the entitlements are in place. Once remediation is complete, infrastructure improvements should commence on the site, while the developer keeps a careful eye on consumer sentiment and the economy.

"The fact that we're not encumbered with debt will allow us to respond to the market," Paris said. "We think, before the end of the year, we'll have quite a bit of infrastructure work under way." <

By Brian Sodoma
Special Publications writer
brian.sodoma@gmgvegas.com

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www.hendersonmeansbusiness.com

Thank You

The Target-anchored, Lake Mead Crossing shopping center is located at the corner of Lake Mead Parkway and Water Street.

Juliet shaping Henderson redevelopment

It's tough to picture a regional shopping mall as an anchor for redevelopment efforts. But it seems to be happening in Henderson.

Juliet Cos. is putting the finishing touches on the 122,000-square-foot second phase of its Lake Mead Crossing power center at the northwest corner of Lake Mead Parkway and Water Street. Junior anchor tenants Staples, PetSmart, Marshalls, Ross Dress for Less, Famous Footwear and Rack Room Shoes should be making their way into the center this spring, complementing Target and Sportsman's Warehouse, which were part of the 260,000-square-foot first phase that opened late last year.

The approximately $150 million project will ultimately grow to about 725,000 total square feet in five phases. The first two phases comprise 382,000 square feet, of which 370,000 is leased, said John Stewart, a principal with Juliet Cos., developer of the site.

But what may strike some is the role the project, which stretches south from Lake Mead Parkway, is taking on in redevelopment efforts for Henderson's Water Street District. The Gibson Library, located near City Hall, is moving to the strip center. In addition, city officials are looking at ways to link the big-box anchor center to the Gaslamp-ish "live, work, play" environment being created downtown.

"It (Lake Mead Crossing) is really giving us a chance to stop and take a look at some synergy that's going to be created between the two areas," said Henderson's economic development manager, Bob Cooper, who added that a trolley running between the center and City Hall is a consideration.

Juliet also will be dedicating additional right of way to the city on the east end of Lake Mead Crossing, which borders Water Street, where the city will be adding about $5 million in landscape and other improvements this year. The ultimate goal is to make the Water Street District's redevelopment entrance where Water Street meets Boulder Highway, just north of Lake Mead Crossing.

"Lake Mead Crossing is probably the largest retail power center developed in downtown Henderson," Stewart said. "And it's probably the only project (of its type) to be occurring at a time like this."

Stewart said his company viewed Lake Mead Crossing as a project that "pointed to" the redevelopment area, and he saw future synergies. With the project, the developer also has formed a solid relationship with the city.

"Development, in general, has its good and bad days, and it's nice to have a jurisdiction such as the city of Henderson that understands the ups and downs. It's nice to have that level of trust with them," he added.

Another crossing

With the confidence of the city behind them, Juliet also has begun vertical construction on Green Valley Crossing, a 295,000-square-foot power center at the southwest corner of Green Valley and Horizon Ridge parkways. The first phase, which includes Target as an anchor and a grocery store spanning 230,000 square feet, is set to open in October.

As far as future developments, Juliet, which has been in the business since 1986 when it started primarily as a single- and multifamily-housing developer, has its eyes on some other land parcels in the valley, while it weighs what to do with some existing holdings in North Las Vegas, and the southwest and northwest valley. Stewart said the company doesn't consider itself a land holding firm, but with land prices coming down to about half the per-acre price they were a few years ago, some opportunities to purchase parcels are starting to look more attractive, which is coupled with the dip in construction costs.

"Many landowners have called expressing an interest in having us buy their land," Stewart said. "These new opportunities still have components to figure out. (But) we're staying close to certain ones." <

By Brian Sodoma
Special Publications writer
brian.sodoma@gmgvegas.com

"The first year is about getting open, getting market share, doing things the right way, getting the community to know what you've got. I'm not afraid of it at all."

Anthony Marnell III

The M Resort, located at the corner of Las Vegas Boulevard S. and St. Rose Parkway, will open its doors in March.

M ready for spring opening

They said his family was nuts to build the Rio All-Suites Hotel & Casino alongside Interstate 15 across from the Strip in the 1990s. And today, people are calling Anthony Marnell III crazy for opening a $700 million resort, on the southernmost end of Las Vegas Boulevard at St. Rose Parkway in Henderson, during one of the most punishing economic climates in history.

Marnell isn't going to lie to you about a few sleepless nights of late, but he's not about to back down on his commitment to bringing M Resort, a locals casino that promises quality and value, to Henderson.

"When I was a kid, I remember getting harassed about my family building away from the Las Vegas Strip," he said. "But that has shown itself to be a pretty solid strategy. … I actually like being out there (in west Henderson) right now. We won't be in the skyline with all the other buildings. We'll have good visibility from the I-15, and we'll stand out for the California consumer."

Marnell is banking on, literally, some old recipes to bring Henderson residents and the California drive-in crowd to his new casino-resort. The casino veteran is bringing some of the Italian and French culinary minds from his Rio days to the M.

"We do plan to be aggressive on the food side, because people expect that from us because of what we've done at the Rio. We have a high benchmark set," Marnell added. "We better have some of the best food in this town, or it's going to be a big disappointment. ... We've definitely got some of the old recipe books out."

Marnell asserts that patrons won't be seeing $12 martinis or $50 prime rib. Instead, they'll be getting the same quality they can get elsewhere for a reasonable price. "Those days (of not offering quality and value) are gone, and they were crazy to begin with," the casino veteran said, while adding that the ambience also will be unique at the site's seven restaurants. "This will be night and day from what the consumer is used to at a locals casino," he continued, citing a tendency for casino operators to "bury" food and beverage offerings within the building. At M, patrons will get great views of the Strip and the rest of the valley at most restaurants.

A needed employment boost for the local economy, the resort's approximately 1,800 staff positions are filled, and finishing touches are being put on the interior and landscaping. The site offers 390 rooms, and marketing efforts to Southern California have commenced. The response so far has been good, added Marnell, who was initially concerned that he wasn't opening the site with enough rooms. He also is receiving letters and cards from his former Rio faithful saying they are excited to see his new offering.

Construction on a movie theater should start shortly after the resort opens, and a retail component is on hold for a couple of years. In the short term, the site will offer more meeting space for Henderson residents or those wanting to hold their annual meetings in the one-time fastest-growing city in America.

"A lot of times, we've had the opportunity to do larger conventions, and we just haven't had the facilities, conference areas or meeting halls," said Bob Cooper, Henderson's economic development manager. "You hate to run local people to the Strip."

Marnell said the local enthusiasm is encouraging and helps him stay focused for that all-important first impression the property will make in its inaugural year.

"The first year is about getting open, getting market share, doing things the right way, getting the community to know what you've got. I'm not afraid of it at all," he said. <

By Brian Sodoma
Special Publications writer
brian.sodoma@gmgvegas.com

A sparkling swimming pool is just one of the amenities that guests will enjoy.

A new home

Cashman Equipment now calls Henderson home

During the valley's real estate boom in 2005, it was tough to find a 50-acre land parcel, as zealous developers were bidding up land prices and swallowing up portions of the city, many of which have become today's foreclosure casualties. At the time, getting a large land parcel with freeway frontage was an even taller order for Cashman Equipment Co. owner, MaryKaye Cashman, who was looking to relocate her heavy equipment sales and rental center.

Undeterred, the company finally struck a deal with the city of Henderson for 52 acres of land that, while it didn't provide freeway frontage, still offered plenty of other pluses. Today, Cashman Equipment now calls Henderson home, after its November move into a 305,000-square-foot headquarters at 3300 St. Rose Parkway. The move is a win-win for both the company and Henderson, according to Bob Cooper, Henderson's economic development manager, whose jurisdiction gained a solid employer with some 300 employees and a history as a positive valley corporate citizen.

"We did feel we were entering more into a partnership than a simple buyer-seller transaction," Cooper said. "After they saw the vision of St. Rose Parkway and understood that it was going to be eight lanes, I think they bought into it."

Cashman's new home is awaiting LEED (Leadership in Energy and Environmental Design) certification from the U.S. Green Building Council (USGBC). Mike Pack, president and chief operating officer for Cashman Equipment, said a Gold certification likely will be achieved, and the company may actually consider adding other green building touches to push its rating to Platinum, which will offer the company a 35-percent tax break, as opposed to a 30-percent for Gold.

Cashman Equipment Co.'s new headquarters is located at 3300 St. Rose Parkway.

"We should get the certification by late first quarter, early second quarter. We're considering adding solar energy, if we're only a couple points from Platinum," he said.

While location and quick access to Interstate 15 were prime selling points for the 52-acre parcel, geothermal capabilities also made the site more attractive.

"Geothermal is probably the neatest thing about this. I explain to people all the time that we have 360 wells that are 400 feet deep, and it's 68 degrees down there. ... Anyone that comes in, I find myself walking around and talking (with) about all this stuff," he added.

Pack also said the site offers much better working environments for technicians working on the heavy equipment. Going from old garages at the company's North Las Vegas site to new naturally lighted spaces with glass-paned garage doors and climate control is a big improvement for customer service efforts.

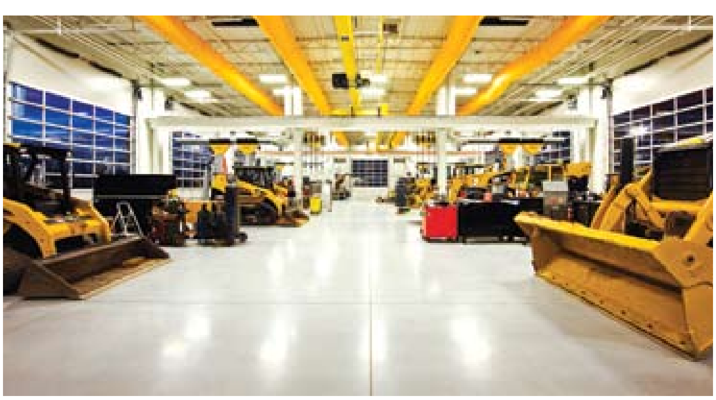
"It's not like a dark dungeon, like so many other garages," Pack added. "The facility as a whole has exceeded our expectations. It's an amazing place. It will be a real benefit to customers for the next 40 years."

Some of the other green building features found at Cashman's new home include a MechoShade window covering system that monitors and adjusts light coming into the building, while allowing the ground source heat pump system to use heat gain from windows for wintertime heating. Desert friendly landscaping and water efficient appliances are used, too.

Pack said the company's new home is "as far south" as (the old Craig Road and I-15 site) was north, which has some employees who live in the north valley complaining about their morning commute. But once they settle in, nearby restaurants and other amenities along the Eastern Avenue corridor seem to balance out the positives with the negatives.

"The St. Rose corridor isn't as flashy as Summerlin, but for industrial this part of town is going to be as good as it gets," Pack added. <

Cashman technicians now enjoy climate-controlled work environments.



By Brian Sodoma
Special Publications writer
brian.sodoma@gmgvegas.com

Building on what you have

JMA professional shapes future of LEED education

Robert Arnold may not be an architect. But he understands sustainable building enough to make himself a valuable resource for architects. As a senior contract administrator for JMA Architecture, Arnold takes over projects as a representative for the firm after the drawings are completed, contracts are signed and work is set to commence. And his knowledge of green building pays off handsomely for everyone involved.

As a project moves forward, Arnold maintains contact with the U.S. Green Building Council (USGBC) to make sure Leadership in Energy and Environmental Design (LEED) certification points and processes are properly documented with the organization. There are considerable tax rebate incentives for those developers who build out projects to LEED Silver, Gold or Platinum standards. But administrative responsibilities for achieving those certifications need to be handled by someone familiar with the process, making Arnold's position that much more important to everyone involved in a project.

A 20-year veteran of the Navy's construction division, Arnold also helps JMA's staff architects pursue LEED accreditations and teaches classes on sustainable building to JMA professionals and valley contractors who work on JMA projects.

"When I moved here (about three years ago), I started to see a lot more interest in green building, sustainable design and LEED accreditation," Arnold said. "I got (LEED) certified within five or six months after I got here."

But Arnold also has a greater role in shaping the overall educational framework for LEED accreditation.

About two years ago, the USGBC established Greenbuild 365, an online educational portal offering classes and information about requirements for becoming a LEED-accredited professional. Arnold is one of 30 national reviewers who have helped build the program. Today, he also serves on a panel to review green building curriculum and proposed courses.

Arnold picked up valuable construction experience in his 20-year career with the Navy, starting out as a laborer and eventually working his way up to an educator's role, in which he ran a construction schoolhouse, teaching a variety of trades and construction management. He also picked up job task analysis experience in the Navy, which is what attracted the USGBC and JMA to Arnold for employment and as a reviewer.

"I don't know where they got my résumé. I never knew jobs like this existed," Arnold said about being called by JMA and the USGBC.

While there was never a formal green building training program for Arnold, the transition into specializing in the area was quite natural.

"In a lot of places I worked overseas (in the Navy), you kind of learn to build with what you have on hand, which in some ways is a sustainable idea, because you're using local materials," he said. "We were always having to say, 'What do we have here to work with?' You're not going to call Home Depot and order lumber. Now, there's just a formal process for recognizing all of this."

To further help LEED education, Arnold said there should be a better way to make public the process that must be undergone for a building to achieve LEED certification after it is completed. Today, it is difficult for those managing current projects to learn from past projects.

"It's not that anyone's trying to hide anything; it's just that we're not there yet," Arnold added.

But if there's anyone who can help the green building world "get there" with this particular change, Arnold probably is in one of the best positions to make it happen. <

By Brian Sodoma
Special Publications writer
brian.sodoma@gmgvegas.com

Dean Willmore, SIOR

The future of Las Vegas' industrial market

Two years ago, our industrial real estate market was completely out of control. Investors were ignoring all of the fundamentals, just so they could buy something; cap rates were at a 50-year low, perhaps the lowest of all time; investors were engaged in bidding wars to try to secure a property; vacant buildings actually were sold as income-producing properties; developers quickly sold small industrial buildings for twice the price the same building would have sold for four years prior, and they built five times more than we typically absorb in one year; per-square-foot prices for shell industrial buildings were exceeding those for shell office buildings; developers were paying more than $1 million per acre for industrial dirt, believing rents and building prices would continue to escalate; and the high-rise condo craze pushed the price for industrial properties located near the Las Vegas Resort Corridor to between $4 million and $10 million per acre. All of this was fueled by banks and other lenders making overly aggressive loans and equity dollars available everywhere. For some, those were the good old days of commercial real estate. As I have watched that real estate bubble burst and the market change, I still feel that there is a great deal of opportunity in the Las Vegas industrial market.

Although our current market conditions are troubling for many, I am thankful that our market is correcting itself. The good news is that 2008 proved to be a relatively good leasing year. Preliminary estimates put our total 2008 absorption of industrial space in Las Vegas at around 5 million square feet. That is in line with our average net industrial absorption during the past six years.

Even better is the fact that more than 80 percent of our 2008 industrial net absorption was composed of tenant-leased space. That is good news for landlords, because in 2007, more than half of net absorption was owner-user building purchases. As for 2009, I expect the percentage of lease absorptions versus owner-user sales will be even higher. I also believe that

Year	Net absorption	Spec construction	4TH qtr. vacancy rate
2007	5,448,869 SF	3,601,726 SF	5.8%
2006	5,632,405 SF	5,223,289 SF	4.5%
2005	5,848,074 SF	3,721,793 SF	5.8%
2004	5,467,255 SF	2,180,872 SF	8.5%
2003	4,043,557 SF	2,754,299 SF	10.1%
2002	4,064,429 SF	2,198,394 SF	8%

2009 will present some of the best industrial real estate buying opportunities in 20 years.

Since I began tracking this market in 1989, I have witnessed average industrial real estate appreciation of about 5 percent per year. My forecast is that in 2009 to 2010, we will see industrial property values drop 15 to 50 percent from where they were during the first quarter of 2008, which is when our market peaked. Still, given the amount of appreciation industrial real estate owners gained during the past five years, few will get hurt, because most of the value lost was "phantom" and not real in the first place. In addition, leasing activity should remain strong in 2009, and most owners should, at a minimum, be able to cover their debt service.

Remember that the Federal Saving and Loan Insurance Corporation (SFLIC) did not begin closing down the savings and loan (S&L) industry until 1986, and the Resolution Trust Corp. (RTC) was not created until 1989. The RTC's involvement with the disposition of S&L assets finally ended in 1995, with a total estimated cost to taxpayers of $160 billion. Some of the reasons for the savings and loan bust in the 1980s are the same reasons commercial banks are failing today.

However, the commercial real estate crash that we experienced in the early 1990s also was sparked by federal tax breaks that encouraged over-investment and overbuilding. This time around, the real estate frenzy was fueled by cheap credit, which allowed investors and developers to bid up prices of existing properties.

How much of a correction will we see in 2009? The answer depends on how much phantom appreciation a particular property gained during the past two to three years, during a period known as cap rate compression. I call it phantom appreciation, because many sellers were showing 50 to 100 percent gains in value within a 12- to 24-month time frame, which is just not real. Real appreciation comes from rent growth and operating expense containment.

I believe the adjustment in land values in Las Vegas will be very healthy for our market in the long run and will keep it one of the most vibrant and healthy commercial real estate markets in the United States. I believe that now more than ever.

It is a fact that our Las Vegas economy and commercial real estate market has been one of, if not the most resilient economies in the country, generally speaking. Las Vegas always has been the last community in America to experience a slowdown and the first to recover. The high land prices we have experienced actually worked in our favor by keeping construction in check. Our industrial market is not overbuilt, and we may actually start to see a shortage of industrial space in 2010.

Businesses still want and need to be in Las Vegas to take advantage of our geographic location, tax and business incentives, quality of life and to service our expanding population and infrastructure needs. As for industrial real estate prices, now is the time to buy. Sellers, who a year ago were asking exaggerated prices for their assets, are no longer in a state of denial regarding current values and are anxious to make deals. Many also are willing to carry first trust deeds, eliminating the need for buyers to obtain financing. Investors with access to syndicated, private equity sources also will be able to take advantage of this current real estate correction. The cost of financing will dictate cap rates and, therefore, prices. I believe true "buy" opportunities must be at least 1 to 1.5 points above the cost of capital. Today, that would be about 8 to 8.75 percent. Also, the current income on a particular buy opportunity must match current market rents, as many existing leases are over-inflated. Remember that industrial rents today are about 10 to 15 percent less than they were a year ago.

Needless to say, these are interesting and exciting times. Every investment is subject to fluctuations in value, and commercial real estate is no exception. Many of my clients made their fortunes during the savings and loan crisis in the 1980s and 1990s. Those with the foresight and courage to take advantage of our current market correction in Las Vegas may have the same opportunity to make fortunes as well. <

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Dean Willmore is the senior vice president of Prudential CRES and chapter marketing chair for the SIOR.

Trends and observations forecast for 2009

1. Owner-user financing will be cheap and readily available to credit-worthy borrowers; nonowner-occupied financing will remain very difficult to obtain.

2. The credit-worthiness of prospective tenants will be a much bigger issue than usual for landlords.

3. Industrial vacancy rates will climb slightly and then level off by midyear. Expect lower vacancies and less landlord concessions by the end of summer.

4. Inflation will cause higher operating expenses and utility costs.

5. Rental rates will remain flat for most of the year.

6. Cap rates will increase to between 9 and 10 percent in order to move old inventory.

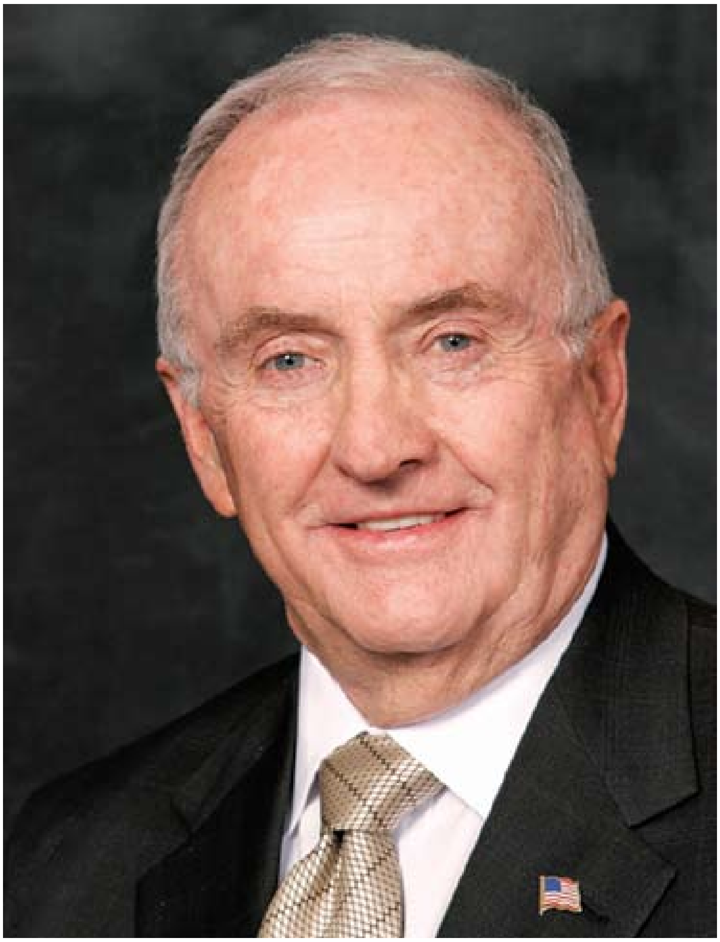
7. Operators of small bay, multitenant properties will fare the best in 2009, as tenants will migrate from bigger spaces to smaller spaces to save costs.

8. Operators of flex space with a high percentage of office and big-box distribution will fare the worst because of plummeting office rents.

9. Industrial land prices are still searching for a bottom and will continue to do so.

10. Expect to see more sale leasebacks as companies search to raise operating capital.

Lee W. Phelps | Managing Member Real Estate Group Nevada LLC



Briefly

After a short stint in the National Football League in the late '50s and early '60s, Lee W. Phelps became entrenched in the development world — developing, marketing and managing sites in Texas, Arizona, California and Nevada throughout his 34-year career.

Since 1984, Phelps has called Las Vegas home, and this year, he takes on the role of Las Vegas chapter president for the National Association of Industrial and Office Properties (NAIOP), a national trade group in which he has been a member since it was started locally 20 years ago.

With his own construction firm, Mission Completed Construction, Phelps has been able to control costs and project time lines through the years, contributing to his successful development record in a city notorious for pass-through contractors.

"I like to tell people, when you buy or lease a building from us, we're going to take care of you. We're not going to move to California after the warranty is up," he said.

In short, Phelps is a straight-forward negotiator, team player and customer service guy at heart, one who insists, "I'll never retire. I'm going to negotiate in my coffin."

cre What accomplishment(s) are you most proud of as a real estate professional with a solid track record in this city?

Using a football (analogy): You're always proud you had a good week of practice, if you won the game on Sunday. So the same thing is true here. Once you go ahead and buy the dirt, get your loan, do all the feasibility studies, get it all processed, then get it built, leased or sold — when you get all that done — you've won the Super Bowl. I enjoy and am proud to see lessees or buyers happy in our buildings. I'm proud when people … recommend me. Property management is about taking care of people. That's what I like to do.

cre You also have a contracting company. How has that complemented your real estate business?

I think it's important that you have your own construction company; I don't have to hire an outside company to build. Because then (if I did), I don't have any control over my construction schedule. I was able to build a building for IGT. In four and a half months, they were in the building. Most projects can't get plans processed in that time.

cre You've been here for more than 20 years and have seen some highs and lows. How does the current downturn compare?

The low is right now. Back, the last two times (recessions), we bought land at a cheaper price and built, because we got lower bids from subcontractors. Right now, we're not as successful, because the economy is far worse than it was back then.

cre When do you see a rebound?

(Two thousand) Eleven.

cre Obviously all commercial product has been strained for the past year. Is there a particular sector (industrial, office, retail) that you see as possibly emerging from the slump sooner than the others?

I believe the airport, southwest and big warehouses in North Las Vegas where the prices are down to 40 cents a square foot will be the first to come back. I hope the airport and southwest, where I have buildings, do. (laughs)

cre As the new president of NAIOP, what do you see as the biggest challenge for the organization? How, as president, will you address these challenges?

There are over 1,000 bills the Legislature has to evaluate this year, and we've evaluated a few (recently). It's going to be a big lobbyist year, because there are a lot of problems this year. … Our biggest challenge will be for our government affairs (department) and John Ramos over at Harsch who is heading that up.

Another important issue for developers is that bankers, brokers and title companies all have to work together. … We've also worked very hard with NV Energy, Southwest Gas and the (Southern Nevada) Water Authority to make sure all departmental people process plans fast enough. Now there are schedules in place where, in 21 days, you're going to get a response. … What I'm saying is we have to get all the municipalities, utilities, brokers and bankers working together.

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