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Nevada's High-Rise Market

Reaching Sky-High Levels

by Tony Illia

The Nevada landscape has changed dramatically in recent years due to an influx of retirees and urban dwellers drawn to high-rise living. This trend has fueled a vertical building boom at both ends of the state. In Las Vegas, however, land prices, construction costs and competition caused some high-rise condominium cancellations over the last 18 months. Some fallout was inevitable, say observers, due to the volume of planned projects, speculation and investment activity.

Ninety-five proposed luxury condominium projects were on the books in Southern Nevada in August, totaling 53,260 units, according to John Restrepo, principal of Restrepo Consulting Group, a Las Vegas-based real estate research firm. In contrast, only 30,750 new single-family homes were sold in Southern Nevada last

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Recent high-rise cancellations include: the Hard Rock's \$1.4 billion, 1,420-unit Flats, Bungalows and Residences at Harmon Avenue and Paradise Road; The Curve's 389 residences at Durango Road and Interstate-215; Diversified Real Estate Concepts' 825-unit Aqua Blue at 4178 Koval Lane; and Related's \$3 billion, 2,764-unit Las Ramblas at Harmon Avenue and Koval Lane, among others. Despite this, the high-rise market remains robust, with 14 projects totaling 4,288 units going vertical and more on the way, according to Restrepo.

"The market has stabilized some, which had to happen, because it had been white-hot," said Bea Goodwin, president of the Las Vegas High-Rise and Condominium Association, an industry trade group. "As a result, today's buyers are more savvy and educated."

Downtown Las Vegas on the Rise

Much of the activity is taking place in downtown Las Vegas, thanks in part to developers like Sam Cherry. The 28-year-old high-school dropout turned entrepreneur completed the \$63 million, 120-unit Soho Lofts earlier this summer at the southwest corner of Las Vegas Boulevard South and Hoover Avenue. The project, downtown's first residential high-rise, quickly sold out.



Cherry is also developing the \$87 million Newport Lofts at Casino Center Drive and Hoover Avenue, together with Seegmiller Partners. The 23-story, 168-unit tower features homes from 900 square feet to 1,600 square feet in size, with ground-level retail and an exotic car dealership. It's expected to open by summer 2007. Cherry, never one to rest easy, is already at work on his next creation, Stanhi. The 65-story, 425-unit glass skyscraper at Gass Avenue and Third Street could break ground as early as mid-2007. WPH Architecture is designing all three projects, with Breslin Builders as general contractor.

"Downtown hadn't taken off until Soho got started. It was the first one out of the ground," Cherry said. "We're trying to create an urban village lifestyle that combines living, working and playing in the heart of the city, similar to San Diego, New York or Chicago."

Cherry's vision for a revitalized downtown is shared by Mayor Oscar Goodman, who has tirelessly crusaded for transforming the area into an intimate community of small businesses, residences, boutiques, restaurants and art galleries. As a result, downtown is once again becoming hip. It's the type of place where young professionals and singles can mix and mingle, shop and live. "Like it or not, downtown is the core of our city, the heart and soul of Southern Nevada, and

without a healthy inner core, the city will rot from the inside out,” said the mayor.

Goodman’s conviction and optimism has helped spawn several new downtown developments, including the 21-story, 275-unit Streamline Tower at 150 Las Vegas Boulevard North. Designed by JMA Architecture Studios, the \$105 million, 700,000-square-foot high-rise will have 12,000 square feet of retail space and seven levels of parking. Martin-Harris Construction is the general contractor. Streamline Tower, developed by Barclays North of Everett, Wash., is scheduled to open in mid-2007.

CityMark Development, meanwhile, is building a \$167 million mixed-use project called Juhl nearby at 255 E. Bonneville Avenue, between Third and Fourth streets. The six-building complex will have 330 residences, 13 live-work units and 24,000 square feet of storefront shops. CityMark, the firm responsible for reenergizing San Diego's Lamplight District, was selected from a nationwide request-for-proposal process to develop the 2.38-acre city-owned site. Juhl’s first residents are expected to move in by 2008. Turner Construction Co. is the general contractor.

Other downtown projects include the 38-story, 270-unit HUE Lofts at Art Central at Charleston and Casino Center boulevards. Developer Eddie Haddad expects to

break ground on the 100-foot-tall, 670,000-square-foot tower in early 2007. C.R.A.

Group is the general contractor, with RNL Design as architect. The project will offer homes from 1,100 square feet to 1,800 square feet in size, plus restaurants, boutiques, an art gallery and recreational facilities.

Boulevard Properties, a Miami developer, hopes to build the 350-foot-tall, 159-unit Evolution Lofts nearby, at Charleston Boulevard and Third Street. Designed by JMA Architecture Studios, the 29-story high-rise will offer residences from 806 square feet to 2,100 square feet, with seven levels of parking and 2,800 square feet of retail. Although groundbreaking isn't expected until June 2007, Martin-Harris Construction has been named as general contractor.

Additional downtown developments could come from Michael Mirolla's 35-story, 413-unit Sandhurst Tower at Iron Horse Court and Grand Central Parkway, Diversified Real Estate Group's 60-story, 912-unit Club Renaissance at Casino Center Boulevard and Bonneville Avenue, and Metroplex Group's 39-story, 311-unit Gateway Las Vegas at Charleston Boulevard and Fourth Street.

Las Vegas Strip Looking Up

"Condos are continuing to sell, but location, branding, pricing and amenities

remain very important with prospective buyers," said Bruce Hiatt, owner of Luxury

Realty Group Inc., a Las Vegas high-rise real estate specialist. "Currently, the Strip corridor ranks first in desirability, followed by downtown."

The Strip, defined by its verticality, is seeing a residential building boom with projects like Sky Las Vegas. The 45-story, 409-unit blue-and-white tower is taking shape along Las Vegas Boulevard, just south of Sahara Avenue. The \$325 million, 500-foot high-rise is a joint-venture development between Aaron Yashouafar and David Pourbaba. Designed by Klai Juba Architects, the 45-story skyscraper is scheduled to finish in early 2007. M.J. Dean Construction is the contractor.

Allure Las Vegas is rising up just west of the Strip on Sahara Avenue. Developed by the Fifield Companies of Chicago, the 41-story, 428-unit high-rise is scheduled to finish by late 2007. Bovis Lend Lease is the contractor. Sales for a second 41-story, 472-unit tower are now underway. Although Fifield has built 50 high-rise projects valued at over \$3 billion throughout the country, Allure is the company's first foray into the Vegas market.

"Today's buyers want nice finishes, a good location, an experienced developer and a quality project that will retain its value over time," said Tamra Trainer, manager of Beasley & DeVarreau Sotheby's Vertical Realty Group.

Those qualities can be found in the Edge Group's \$2.5 billion, 4,000-unit W Las Vegas at the northeast corner of Harmon Avenue and Koval Lane. The twin 50-story glass towers are expected to break ground in 2007, with anticipated completion by 2009. M.J. Dean Construction is the contractor. Around the corner, Bruce Langson is planning the \$1 billion, 1,000-unit Las Vegas Central at Sierra Vista Drive between Paradise Road and Swenson Street. The dual 40-story towers recently launched sales. Tutor-Saliba Corp. has been named as contractor, with Jerde Partnership as architect.

Del American, meanwhile, will finish its four-story, 212-unit Bella Venezia I at Flamingo Road and Swenson Street in early 2007. Summit Builders Construction Co. is the contractor. Laurence Hallier's 646-unit, twin Panorama Towers at Dean Martin Drive and Harmon Avenue, just west of the Bellagio, will move residents in later this year. M.J. Dean Construction is the contractor, with Klai Juba as architect. Hallier is planning two more 42-story towers at the site.

Turnberry Ltd. is the firm credited with launching the Valley's current high-rise mania. The Florida-based developer recently completed its \$650 million, 778-unit Turnberry Place condominium complex at the northwest corner of Paradise Road and Riviera Boulevard. The 15-acre development, which originally broke ground in

1999, consists of four 40-story buildings and the 80,000-square-foot Sterling Club.

“In 1998, many were skeptical that the luxury high-rise condominium concept would succeed in Las Vegas,” said John Riordan, Turnberry’s senior vice president. “Our success here is based on superior locations, architecture and amenities, but primarily our experience. Over the next 25 years, the popularity of high-rise living in Las Vegas, particularly near the Strip, will grow beyond anyone’s expectations.”

The firm is already at work developing the 632-unit Turnberry Towers at Paradise Road and Karen Avenue, which consists of two 45-story buildings. The first tower is expected to finish this spring, followed by Tower Two in 2008.

Condo-Hotels A Unique Product

In addition, Turnberry has partnered with MGM Mirage to build three, 40-story condo-hotel towers at the southwest corner of Harmon Avenue and Koval Lane.

The \$1.2 billion, 1,727-unit Residences at MGM Grand is the Strip’s first completed condo-hotel project. The initial tower opened this summer. Tower Two will finish in November, followed by the last phase in May 2007.

A condo-hotel is a unique product that enables owners to earn an income by

renting out their residence when it is not in use. Units are normally marketed by the building's operator in exchange for a portion of the income. Most condominiums, by contrast, have strict guidelines for subleasing.

“For the Strip resorts, there is little downside to condo hotels,” said Restrepo. “It’s essentially a way of having buyers finance a room expansion. And 85 percent of resort corridor projects have been purchased by second homebuyers, investors and speculators.”

Diversified Real Estate Concepts recently opened the 17-story, 255-unit Platinum condo-hotel at E. Flamingo Road and Koval Lane. Milwaukee-based Marcus Hotels & Resorts manages the property, where owners participating in the rental program can use their units for 60 days a year, but no more than 29 consecutive nights. Owners, however, share in the rental revenue, which is often a 50-50 split minus additional fees for housekeeping and marketing.

Ian Bruce Eichner, the developer responsible for Manhattan’s One Broadway Place, is also building a condo-hotel product. The \$2 billion Cosmopolitan Resort & Casino is located on the Strip just south of Bellagio, and consists of two 53-story towers and a four-level low-rise. The property will contain 3,000 hotel and condo-hotel units. Cosmopolitan is expected to finish by 2008. Perini Building Co.

is the contractor, with Miami-based Arquitectonica as architect.

George Maloof is joining the condo-hotel crowd with his \$350 million Palms Place at Flamingo Road and Arville Street, a few blocks west of the Strip. The 50-story high-rise will have 599 luxury condo-hotel units that connect to the Palms by a 300-foot-long moving walkway. Designed by Jerde Partnership, with M.J. Dean as contractor, Palms Place is scheduled to open in December 2007.

“We sold out at an incredible pace, despite six price increases,” Maloof said. “We could have sold out another tower, but we won’t build another one. This is one-of-a-kind.”

Donald Trump experienced similar sales success with his self-named condo-hotel tower behind the New Frontier Hotel and Casino. The \$500-million, 1,282-unit high-rise is a joint-venture between Trump, New Frontier Owner Phil Ruffin and Jack Wishna (a dealmaker who brought the two together). The skyscraper, which sold out in under a week despite sale prices of \$600,000 to \$6 million, is scheduled to finish in early 2008. Perini Building Co. is the contractor, with Bergman Walls & Associates as architect. Unlike Maloof, Trump is planning a sequel. He hopes to launch sales for a second tower in early 2007 to coincide with the new season of *The Apprentice*, the hit television reality show starring Trump

himself.

But MGM Mirage trumps them all with its \$7 billion, 18 million-square-foot Project CityCenter. The 76-acre complex, which broke ground on June 26, is located on the Strip between the Monte Carlo and Bellagio resorts. Plans call for 2,800 condominiums designed by Rafael Vinoly, Helmut Jahn, Kohn Pederson Fox and Norman Foster. MGM Mirage formed CityCenter Realty Corp. this summer to oversee sales.

The sales center will officially open in January 2007, though CityCenter isn't expected to finish construction until November 2009. Perini Building Co. is the contractor. CityCenter's aggressive Realtor compensation program could dampen sales for projects elsewhere. After all, not everyone has central Strip frontage like MGM Mirage. Soaring land costs have already driven rival projects southward, giving shape to a new "South Strip."

High-Rises Moving to New Areas

Boca Raton, for instance, is a \$450 million, 756-unit condominium complex at Las Vegas Boulevard South and Serene Avenue, just north of the South Coast Casino. Developed by Palm Beach Resort Condominiums LLC, the project calls for four seven-story towers. Martin-Harris Construction is the contractor, with

PGAL as architect. The first building will finish in early 2007, with expected build-out in 2009. It's just one of many emerging South Strip projects, which include Gemstone Development's 700-unit Manhattan mid-rise condominium complex across the street from Boca Raton and AmLand Development's five-tower, 1,000-unit ONE Las Vegas at Las Vegas Boulevard South just south of Windmill Lane.

Property prices have pushed some projects further west, beyond the traditional resort corridor. The Falcon Group, for example, is building an \$850 million, 1,100-unit condo-hotel at Tropicana and Cameron avenues across from The Orleans Hotel and Casino. Pinnacle Las Vegas has two golden towers connected by three sky bridges. Designed by YWS Architects, with Marnell Corrao Associates as contractor, the project is expected to open in 2009.

Migrating further west toward the suburbs is Sullivan Square, at Durango Drive and Sunset Road. The \$800 million, 1,300-home mixed-use complex, developed by Glen, Smith & Glen Development, is expected to break ground in early 2007. Martin-Harris Construction is the contractor. Another suburban project, One Queensridge Place, is located at the southwest corner of Alta Drive and Rampart Boulevard, across from the Suncoast Hotel and Casino. The dual-tower, 340-unit

project is being developed by Executive Home Builders and Peccole Nevada.

Northern Nevada Plans Projects

Northern Nevada is undergoing a vertical building boom of its own. Much of the action is happening in downtown Reno, with nine planned residential projects potentially adding up to 2,000 new homes. "A lot of projects are taking place here," said Lisa Newberg with the Reno Redevelopment Agency. "There are plenty of empty-nesters and people who want a high-rise type of lifestyle."

Capstone Partners LLC, for instance, is planning to build the \$90 million, 16-story Arterra at Liberty and Sierra streets. It will consist of 185 units, with five live-work commercial spaces and a rooftop terrace. It's tentatively scheduled to open by 2009.

The 120-unit Residences at Riverwalk (the former Comstock hotel-casino) is underway at 200 W. Second Street, and BCN Development's 12-story, 87-unit Palladio tower at First and Sierra streets is expected to finish in 2007. Siena Communities is building the Thoma Lofts – three-story retail-work-live spaces – at Thoma and Center streets. Plans are also underway for the \$200 million, 499-unit Wingfield Towers at Island Avenue and Court Street, which includes 40,000 square feet of retail-commercial space. BCN Development, however, has dropped

its plans for the 10-story, 50-unit Chambolle, adjacent to the Riverside Artist Lofts downtown, due to rising construction costs. In response, the city is issuing requests for proposals.

“More people living downtown will bring more retail and support services needed for a live-work-play environment,” said Newberg. “We require retail on the ground floor on new projects so streets and businesses can stay open and thriving after dark, making downtown alive.”

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