

APRIL 2015 * www.davidlv.com

DAVID

Desert Design **Defined**

Creating Living Spaces in the Mojave

BUILDING
COMMUNITY

EAT
GREEN

OUT OF
MOTHBALLS

MATZO
MAVENS



52



42



36



22

pulse

- 16 **explore**
The month's event listings to help plan your day or your stay
- 21 **devour**
Where to find some of the best eats, drinks and foodie happenings in the Valley
- 22 **desire**
Sin City abounds in world-class shopping ... these are a few of our favorite things
- 24 **discover**
Places to go, cool things to do, hip people to see in the most exciting city in the World

live

- 28 **know**
The Jewish Federation of Las Vegas adapts to the changing times and targets millennials with social media.
- 32 **sense**
Square or round the bread of affliction, matzo, is replacing baguettes for just over a week this month.
- 36 **taste**
A local restaurant group is a pioneer in sustainability. Other than eating your veggies, what is green dining?

think

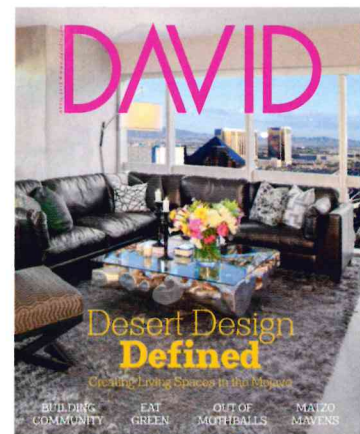
- 42 **All Better Now?**
Condo projects that were shuttered during the recent economic downturn are being repurposed as rentals.
- 46 **Desert Design Defined**
Interior design that harmonizes with the natural environment.
- 52 **Essential Milly**
Michelle Smith and husband Andy Oshrin's line is all about reimagined luxury.

grill

- 58 **Kerry Clasby, The Intuitive Forager**
The month's spotlight on someone to know.

on the cover

Interior design by Jill Abelman of *Inside Style Home*, photo by: Richard Faverty of Beckett Studios .



Copyright 2015 by JewishINK LLC. All rights reserved. Reproduction in whole or in part without written permission is prohibited. DAVID MAGAZINE is protected as a trademark in the United States. Subscribers: If the Postal Service alerts us that your magazine is undeliverable, we are under no further obligation unless we receive a corrected address within one year. The publisher accepts no responsibility for unsolicited or contributed manuscripts, photographs, artwork or advertisements. Submissions will not be returned unless arranged for in writing. DAVID MAGAZINE is a monthly publication. All information regarding editorial content or property for sale is deemed reliable. No representation is made as to the accuracy hereof and is printed subject to errors and omissions.

think

All Better Now? @ 42

Desert Design Defined @ 46

Essential Milly @ 52

All **Better** Now?

Mothballed condo projects find new life as rentals — sales market still sluggish

By Brian Sodoma



You could call 2014 a comeback year for mothballed condo projects.

The former Manhattan West, just west of the 215 Beltway off Russell Road in the southwest Valley, is slowly evolving into the hip, mixed-use, live/work/play Gramercy. Near the South Strip, City Club — once touted as a 100-unit luxury condo offering, with prices from \$200,000 to \$1 million — is now the Lennox, a high-end rental complex; and Vantage Flats and Lofts, 201 S. Gibson Road in Henderson, has most of its 110 luxury units leased.

While resurrecting these projects as upscale rentals is certainly more positive than watching them languish in disrepair, selling them is still a challenge. Price increases for condos, in general, haven't kept pace with the double-digit climbs seen in the single-family home market, and lenders are still cool to financing condo units as well.

"The price per door or foot isn't economically feasible today for (selling)," acknowledges Benjy Garfinkle, a principal with WGH Partners, a segment of the redevelopment team at the Lennox and Gramercy projects.

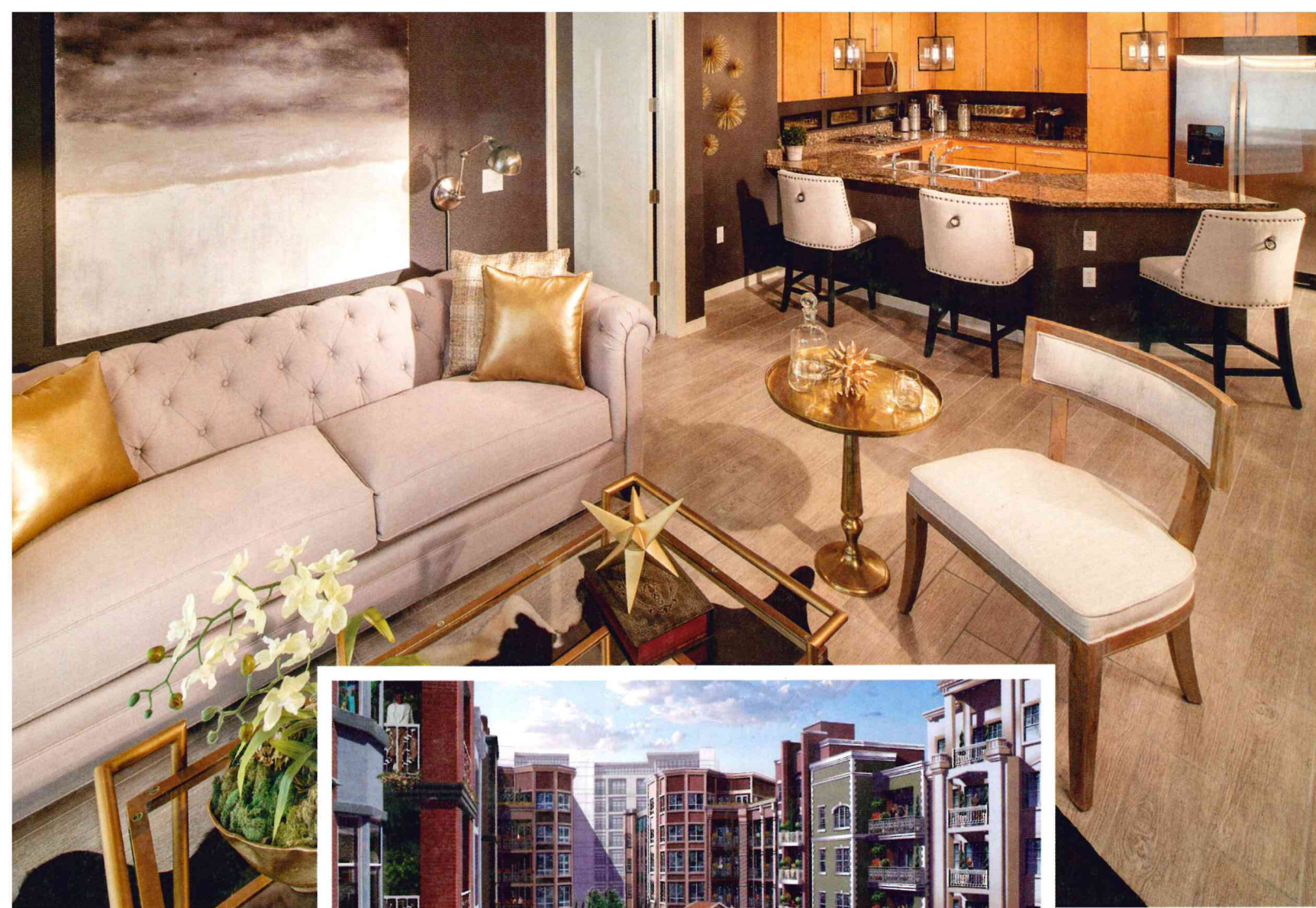
Recessionary unwinding

Today, the once-scraped projects are rounding into forms similar to what their creators envisioned. This is partly because many of the projects were more than half-finished when they stalled. Roofs were in place and the general footprint was already constructed.

Developers really didn't have to do a lot of floor plan tinkering, other than perhaps downscaling to less expensive appliances in units. For the most part, the units have been finished to condo, not apartment, specs, Garfinkle says. And as rentals, developers acknowledge they are still learning a bit about the luxury market they are targeting.

"I think we're all kind of testing this higher-end market," Garfinkle adds, "and we don't know how deep it really is."

The investor also was interested in purchasing Vantage. Construction originally started on that project in 2006 by Slade Development. Back then it was touted as a \$160 million effort, with spectacular Valley views and units priced from \$400,000 to \$1.6 million.



Rendering of public open space and interior of an apartment, The Gramercy.



With a tanking economy in 2008, three partially finished buildings and \$70 million in spending dissolved in bankruptcy. At its low point, the 10-acre project was reduced to a \$3.9 million valuation. In 2012, Rothwell Gornt purchased it out of bankruptcy.

Principal Richard Crighton said it would cost about \$15 million to finish the project, and he felt the market was ready for a less-expensive version of those spectacular Valley views. But by January 2013, Crighton's team changed course and went to the city of Henderson to rezone for rentals. A couple of months later, the investor flipped the property for \$10 million to Goodman Real Estate, a Seattle-based firm with more than \$20 billion in assets, according to its website.

Goodman, in a partnership with Tilton Development Co. of Scottsdale, Ariz., did indeed finish Vantage and started leasing last May. Vantage business manager, Cassie Bostic, calls it "a love story now. It truly was resurrected."

Vantage's 110 units range between 1,000 and 2,700 square feet in size, with rents from \$1,500 to \$4,700. Only six lofts are left, Bostic says, at prices ranging from \$3,400 to \$4,500 per month.

Who's leasing?

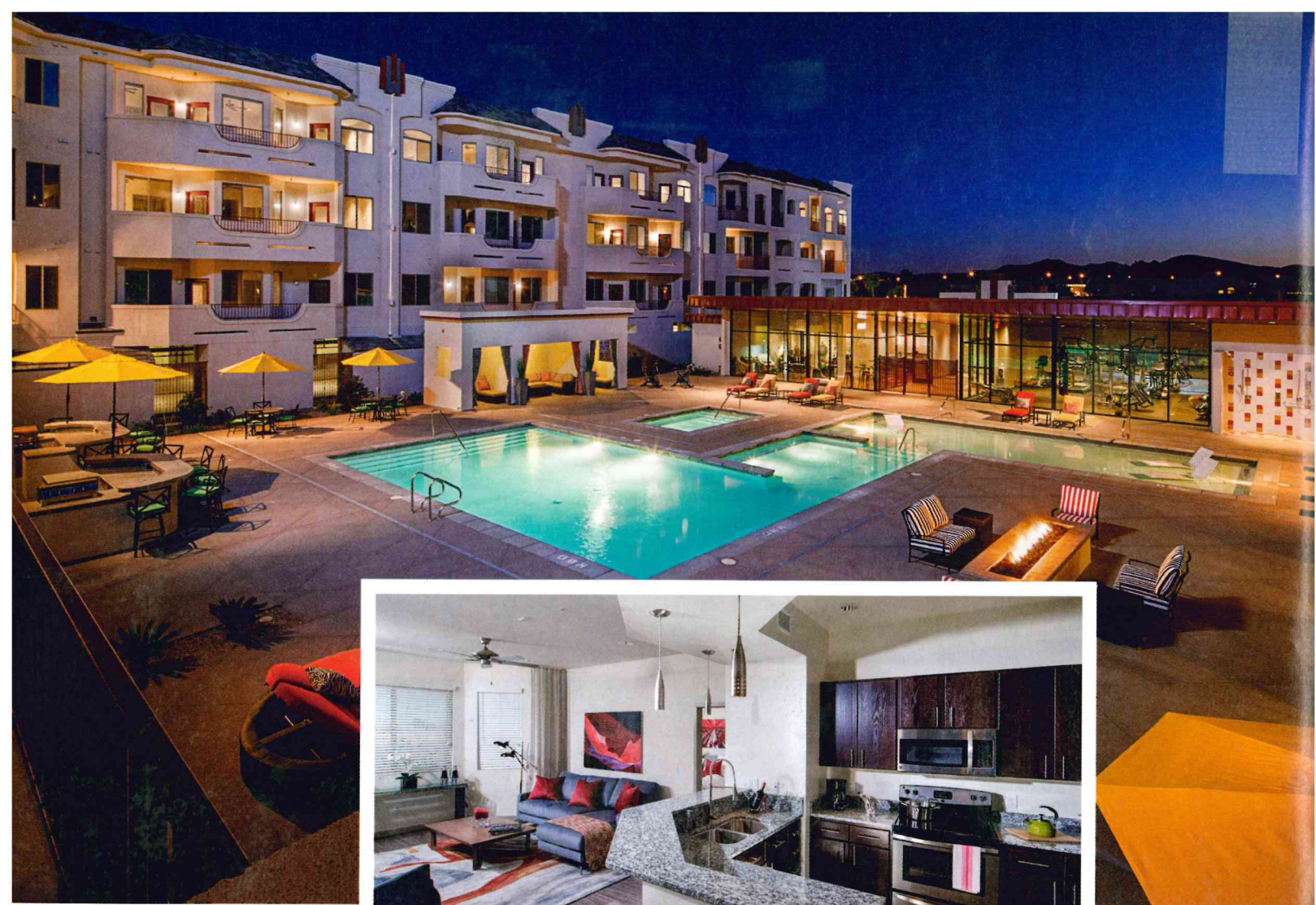
Bostic said her team primarily targets the Miami, Chicago, Los Angeles and New York markets for residents. Entrepreneurs, resort corridor executives, entertainers, physicians and other working professionals call Vantage their second, or vacation, home, she says.

"The only competitors we have are the Strip and private, custom homes," she adds.

Bostic calls Vantage a "yes" community with 24-hour concierge services, round-the-clock clubhouse and fitness center access and numerous other amenities. The luxury touches are what residents from high-rent markets are accustomed to. They are not bargain shoppers.

"Giving a month free rent is not what makes the deal for our clients," Bostic said. "When they see it, they usually know it's what they want."

At Gramercy, Garfinkle has been focused on the commercial side of the venture, with roughly 200,000 square feet of office space to fill and plenty of dining options to bring to the site. He has found large office tenants and signed on Cupa Café, DW Bistro and other non-chain dining establishments that he thinks will make the site a dining destination.



Pool area and interior of an apartment, The Lennox.



There's a central park, sitting areas, fire pits, benches and couches built into public spaces for residents and guests. And there should also be plenty of events too, from Super Bowl parties to concerts and more.

Gramercy recently began leasing its 160 residential units, with about a dozen leases executed. Unit sizes range from 530-square-foot studios at \$1,075 per month to penthouse lofts topping 2,000 square feet for \$4,600 per month.

"There's a lot of interest because of the office, retail component," he said. "Everyone knows the southwest is a growth area, but this is what's missing. There hasn't been this kind of gathering type of courtyard community down there."

But Garfinkle's market appears to be a little different than Bostic's, despite its high-rent similarities. He is seeing more local gaming industry people who work in the resort corridor moving into both Gramercy and Lennox, which has about 20 of its 100 units leased. Leasing activity started at the beginning of the year at Lennox, and one-, two- or three-bedroom units range from \$1,350 to \$2,500 per month.

Tackling the projects

Garfinkle brings a stomach for mothballed projects. He's done it before, even locally. He was part of the team that created Rumor Boutique Hotel near the Hard Rock Hotel and Casino.

His team purchased Gramercy for \$2 million, but has put about \$50 million into it so far. And Lennox, also purchased for pennies on the dollar, still required \$13 million to finish.

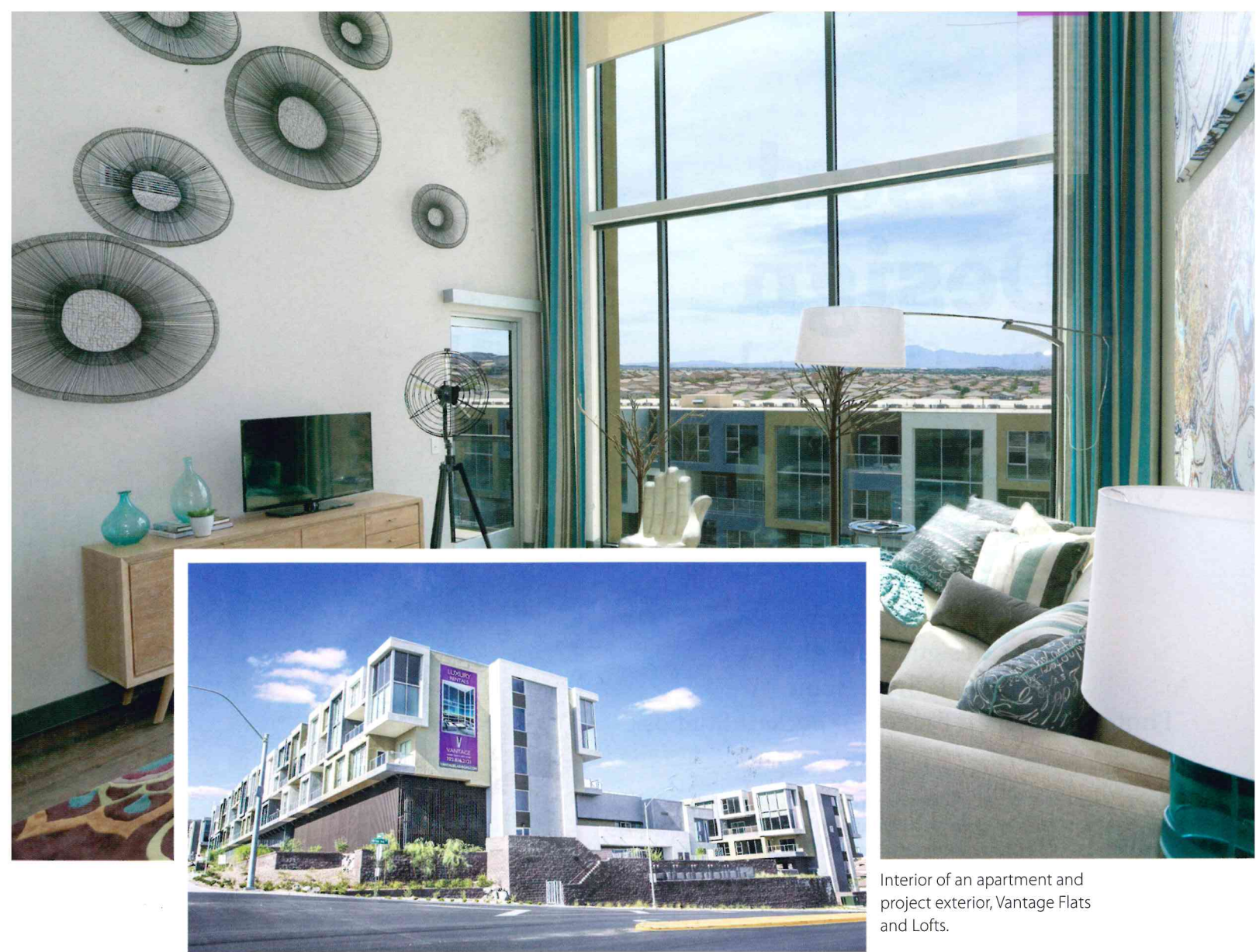
"People look at that first number and think 'what a great buy'. ... I tell them 'call me in two years.' There's a real web of unknowns in these projects. If you don't have the expertise and the right people ... contractors and engineers, you're going to have problems," he adds.

Garfinkle hired Thomas & Mack Development as a consultant on the two developments and Martin-Harris as the contractor. Martin-Harris also completed Vantage. He even hired back some of the original designers and engineers as consultants.

A key selling point for Garfinkle on the Lennox and Gramercy, and even Vantage, properties was the availability of built-out parking podiums. Underground parking is costly to develop, and having the structure in place was a big attraction and cost savings. Elevator access was also unique to the market, he says.

Still, he had his share of added expenses on the projects.

"You see AC duct that's not going through a wall. There's an unfinished roof drain. Wiring is wrong. You don't really know until the contractors are in the bones of the deal and starting to piece it back together. ... On some level, you also have to remember that these things were built during the heyday and there was some shoddy workmanship," he says.



Interior of an apartment and project exterior, Vantage Flats and Lofts.

When to sell

Most developers acknowledge that selling the units is the ultimate goal. Bostic says there is interest in purchasing Vantage units. About one in five lessees has asked about buying. For now, some of her team's eyes are on Strip condos to see where pricing on luxury units is trending.

Ed Coulson, director of the Lied Institute for Real Estate Studies at UNLV, says condo pricing really mirrors the broader real estate market, where some leveling is occurring after increases. But he's encouraged by broader economic improvements, such as a lower unemployment rate and increasing wages.

"As long as the economy is strong, people will feel like Las Vegas is a good location to have a first or second home," he says.

James Brooks, a Realty One agent whose team sells about 100 high-rise condos a year, is cautiously optimistic about the nothballed projects. He says the city's condo market still has plenty of skeptics. He estimates about 90 percent of the sales he sees on or around the Strip involve cash buyers. Financing is still not easy to get, he says. And on the whole, he adds, buyers still seem to need further assurance of a stable Las Vegas real estate market.

Brooks also said the projects have location going against them,

even though marketers of the properties would tell us otherwise. Second-home buyers, who make up the primary market for luxury condos, prefer the Strip and likely don't want to pay a high per-square-foot rate to live on the outskirts of town.

"In general, the second or third home buyer wants to be close to the action. ... I live in Henderson. I love Henderson. But no one's really coming to hang out in Henderson," he says.

Park House Las Vegas, formerly The Modern and originally developed as Luxe Lofts, on west Flamingo Road, near the 215 beltway, was purchased by BondRok Partners in 2012 for \$6.7 million. After finishing the project, investors tried with limited success to sell units. After converting to rentals, the team is now taking a second stab at selling again.

The 83-unit complex's condos include underground parking and range from 1,200 to 1,500 square feet, with prices from the high \$200,000s to more than \$500,000.

For outlying projects like Vantage to sell, Brooks says, developers need prices to top \$300 per square foot, and he doesn't see that happening for three to five years.

For Garfinkle, whose leasing team is going full tilt at the moment, selling units is not in the immediate picture.

"I don't even want to say when it would happen," he adds.