

DEVELOPMENT

UP DOWNTOWN



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The 21-story, 275-unit Streamline Tower, a luxury condo project at Las Vegas Boulevard and Ogden Avenue, sits at the doorstep of the city's Entertainment District. The project is more than 60 percent sold.

Rising condominium projects helping change image of life in city's urban core

By HUBBLE SMITH

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SoHo Lofts is finished and more than half occupied by primary residents. Newport Lofts is going to start closing escrow. The 21-story Streamline Tower is topped off and Juhl is about half completed.

These major luxury condominium projects are part of \$14 billion in planned development that's reshaping downtown Las Vegas. Mayor Oscar Goodman would include Allure, though the 40-story condo tower on Sahara Avenue is closer to the Strip than

downtown.

Of the 97,000 condo units that have been planned or proposed in the valley, nearly 15,000 are downtown, financial research firm Applied Analysis reports. About 800 units are under construction.

"When I drive down (Interstate) 15 and look over and I see SoHo and I see Newport, and I've been going down I-15 for 32 years, I can see our city is changing," housing analyst Larry Murphy of Las Vegas-based SalesTraq said.

Streamline, with 275 units at Las Vegas Boulevard and Ogden Avenue, sits at the doorstep of the city's emerging Entertainment District, which includes a dozen downtown

► CONDOS: Strip condo sales not necessarily affected by housing market, observer says

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casinos, more than 30 restaurants and a variety of entertainment venues within six blocks.

Developer Dusty Allen said he's getting a significant number of Streamline buyers from Southern Nevada. Combined with those from Southern California, they make up about 70 percent of buyers.

The \$175 million project is about 60 percent sold, he said, with prices now starting at \$469,000 for 850 square feet.

"There are two types of buyers," Allen said at a topping-off event with general contractor Martin-Harris Construction. "One is strictly investors renting out their unit and waiting to see if the \$14 billion (development) happens. Then they'll uproot from their Summerlin home and move downtown."

"Then there are some that intend to move in right away, maybe people on the outskirts who want to get closer to where they work and closer to the action."

Streamline is scheduled for occupancy in January. It will have 12,000 square feet of ground-floor retail space. Allen said he envisions a restaurant venue with live music, possibly jazz, to fulfill the Entertainment District requirements. He's talking with a "well-known celebrity chef" in Las Vegas.

Sam Cherry, the 29-year-old pioneer of downtown condo development, is poised to break ground on StanHi, a \$207 million, 425-unit project at Third Street and Gass Avenue. It will be Cherry's flagship property, following in the tracks of his 120-unit SoHo Lofts and 168-unit Newport Lofts.

Recently, he met with



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Construction on Juhl, a 15-story mixed-use complex in downtown Las Vegas, is about half-finished.

executives from Corus Bank of Chicago, the lender for his two previous projects as well as Juhl and Streamline.

When all these projects come on line, based on double occupancy, it will bring some 2,000 condo residents to downtown Las Vegas, Cherry said.

"It's almost like a casino opening. It's a miniboom in the area," he said.

On a typical day at SoHo, residents are walking their dogs, working out in the fitness center or lounging at the rooftop pool.

People want to live downtown, Cherry said. Of SoHo's 120 units, only 28 are on the market for resale, or roughly 25 percent. Some are for rent, going from \$1,800 to

\$3,000 a month.

Cherry said the stigma of downtown Las Vegas being a haven for drug dealers, prostitutes and panhandlers is a misperception largely held by local residents.

"If you come down here once, maybe you don't get a good feeling," he said. "But I feel as safe here as anywhere in the suburbs."

Another concern expressed by potential downtown condo residents is the lack of a nearby grocery store, though Cherry said there's an Albertsons and Vons within two miles east or west on Charleston Boulevard. If the city doesn't have a grocer locked in for downtown, Cherry said, he could put one in at StanHi.

Allen said it's like the chicken and the egg. Residents don't want to move downtown without a grocer and grocers won't come until there's sufficient residential units to support their business.

"The fact of the matter is there is a grocer out there who will come downtown," he said.

Ken Wolfson, developer of The Avenue with five luxury lofts near Rancho and Alta drives, said suburban residents are out of touch with the "cool factor" associated with living downtown.

He recently visited downtown San Diego, parked his car and never drove it again, walking to Croce's restaurant in the Gaslamp

Quarter and the Padres baseball game at Petco Park.

"If you're in the suburbs and reading about it, you don't get it," Wolfson said. "If you actually lived at SoHo for a week and threw away your keys, you'd get it."

Like Cherry, he said the perception of downtown as a bad neighborhood is a relative point of view.

"When you're in that building and at the pool, you're not on the street," Wolfson said. "That's how Manhattan is. New York is a really dangerous place, but when you're up in the sky, you're safe."

Pamela Tinsley, a mortgage broker in Los Angeles, purchased a 1,600-square-foot, 14th-floor unit at Newport Lofts for \$600,000. One of her colleagues at a real estate investment firm looked at Cherry's project and saw it as a great investment opportunity, she said. He bought a penthouse unit.

"I hadn't been to Vegas in a while and I don't get downtown, but I noticed a lot of development," Tinsley said. "I thought it was changing a lot over the years."

SalesTraq's Murphy said there's a distinction between the downtown condo market and the condo-hotels on the Strip. The cash flow on some of those units is "sucking," he said.

Downtown condo projects aren't tied to a casino with investors putting their units in a rental pool and competing against Strip hotel rooms, Murphy noted.

Cherry said he has 40 units in contract at StanHi with 10 percent down. Prices will be higher than SoHo and Newport, but they're still a value, he said.

"If you look at what the Strip is doing, why are we 30

percent less? It's the same type of building construction. They have to put so much in for land and soft costs and the person who gets buried with that is the buyer," he said. "What seems expensive here is a drop in the bucket compared with two miles down on the Strip."

John Restrepo of Restrepo Consulting Group said Strip condos are an easier sell because they're targeted largely toward wealthy, second-home buyers and investors.

The "sizzle" of the Strip appeals to the international buyer from Hong Kong or Korea and sales aren't necessarily affected by the local housing market, he said.

"I think long term, downtown is a more viable location for local residents to move from their suburban home to more of a lock-and-leave environment," he said.

Although high-rises are creating the buzz in condo development, mid-rise projects will be the dominant source of higher density housing in the future, Restrepo said.

They offer benefits that high-rise projects don't, he said, such as pricing, scale and acceptance to a larger market share and to neighbors. They also work well in both urban and suburban settings.

Restrepo noted that 19 of the 69 luxury condo projects proposed for Las Vegas have been canceled or stalled, including Club Renaissance, Sandhurst, Cielo Vista, HUE Lofts and Evolution downtown. Verge is the latest project announced for downtown.

Sotheby's International Realty reported 1,652 high-rise closings in 2006, including 147 that sold for more than \$1 million.