

Nevada Business

THE MAKER'S magazine

**Stephen
Miller**
*UNLV Center for
Business and
Economic Research*

N E V A D A ' S

ECONOMIC OUTLOOK

p8

2018


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A Wolf in Republican Clothing

The Dean Heller Dilemma

How do you solve a problem like Senator Dean Heller? He was elected on a conservative platform, touting conservative values and the moral high ground. But, since he was elected, his voting record tells a different story. It's a common tale in the United States, politicians tell us what we want to hear to get in office and play the game to stay there. Nevada, which was one of the few states that went blue in the 2016 election, has a challenge finding conservative voices. Unfortunately, it seems as though even our state's conservative voices find themselves speaking liberal-ese while in office.

Senator Heller seems to be fluent in both conservative and liberal-speak and it's clear he tailors his speech to the crowd he's in front of at any given moment. However, one look at his history of voting as a senator tells the true story of Senator Heller's leanings. Since 2012, nearly half of his votes have been pro-liberal. According to the right-leaning *Conservative Review*, which has created a score-card for conservatives in office, Dean Heller receives a grade of "F" for his record of voting.

Senator Heller has misled his conservative base in Nevada on multiple issues including gun control, healthcare and immigration, among others. In one of his first votes in office, he voted to advance gun control legislation. The vote furthered Harry Reid's gun control proposals and laid the groundwork for a future gun registry nationwide.

More recently, Senator Heller voted "yea" on the Medicare Access and CHIP Reauthorization Act of 2015, the largest healthcare reform since the Affordable Care Act's passing in 2010. The bill made changes to Medicare reimbursements, filled in a funding gap and extended a children's insurance program (CHIP). Unfortunately, it's also expected to increase the nation's debt by \$500 billion over the next 20 years. The bill's efforts to fix healthcare could be compared to trying to use a bandaid to fix a gunshot wound. In essence, the bill was hobbled together as an answer to our healthcare problems but in actuality fixes very little and costs way too much.

As yet another example of the Senator's left voting record, he voted to affirm President Obama's executive amnesty for immigrants, despite remarks against the action previously. In 2014 Senator Heller said, "What I don't agree with is the use of the executive order nor do I agree with the Administration bypassing congress." At the end of that same year, Senator Heller voted against an order that would have declared President Obama's decision to cut Congress out of the lawmaking process unconstitutional. Then, in 2015, he voted to fully fund the executive amnesty action he supposedly didn't "agree" with.

These are just a few examples showing Senator Heller's propensity to vote Democrat, leaving Nevadan's with virtually no conservative voice in the national arena. I think it's far past time we had a balance to the liberal shouting that has originated in the Silver State.

CALL TO ACTION: I'm sure you've noticed, we have an election in November of 2018 and it's time for a change. Senator Dean Heller has had since 2012 to show Nevada that he means what he says and says what he means. It's clear that isn't the reality with this senator. Let's elect a conservative voice that actually follows through on what they say they believe. It's time for Senator Dean Heller to find another job. 🌱

2 Chronicles 7:14 (NKJV) "If my people who are called by My name will humble themselves, and pray and seek My face, and turn from their wicked ways, then I will hear from heaven, and will forgive their sin and heal their land."



Lyle E. Brennan
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By Whose Authority?

For more information on my Commentary and to see some of my backup research, or if you wonder why I take the position I take, go to www.LyleBrennan.com.

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Nevada Business Journal, Nevada Business Magazine and Nevada Business are divisions of Business Link, LLC, 375 N. Stephanie St., Bldg. 23, Suite 2311, Henderson, NV 89014. It is listed in Standard Rates and Data, #20A-Business-Metro, State and Regional, TopRank Nevada - Annual Statewide Book of Lists is a publication of Nevada Business Magazine.

Advertisers should contact Sales at (702) 735-7003, or write to: Nevada Business Magazine, 375 N. Stephanie St., Bldg. 23, Suite 2311, Henderson, NV 89014. Demographic information available upon request. Month-to-month circulation may vary.

Nevada Business Magazine is published monthly. Subscription rate is \$44.00 per year. Special order single-copy price is \$7.50.

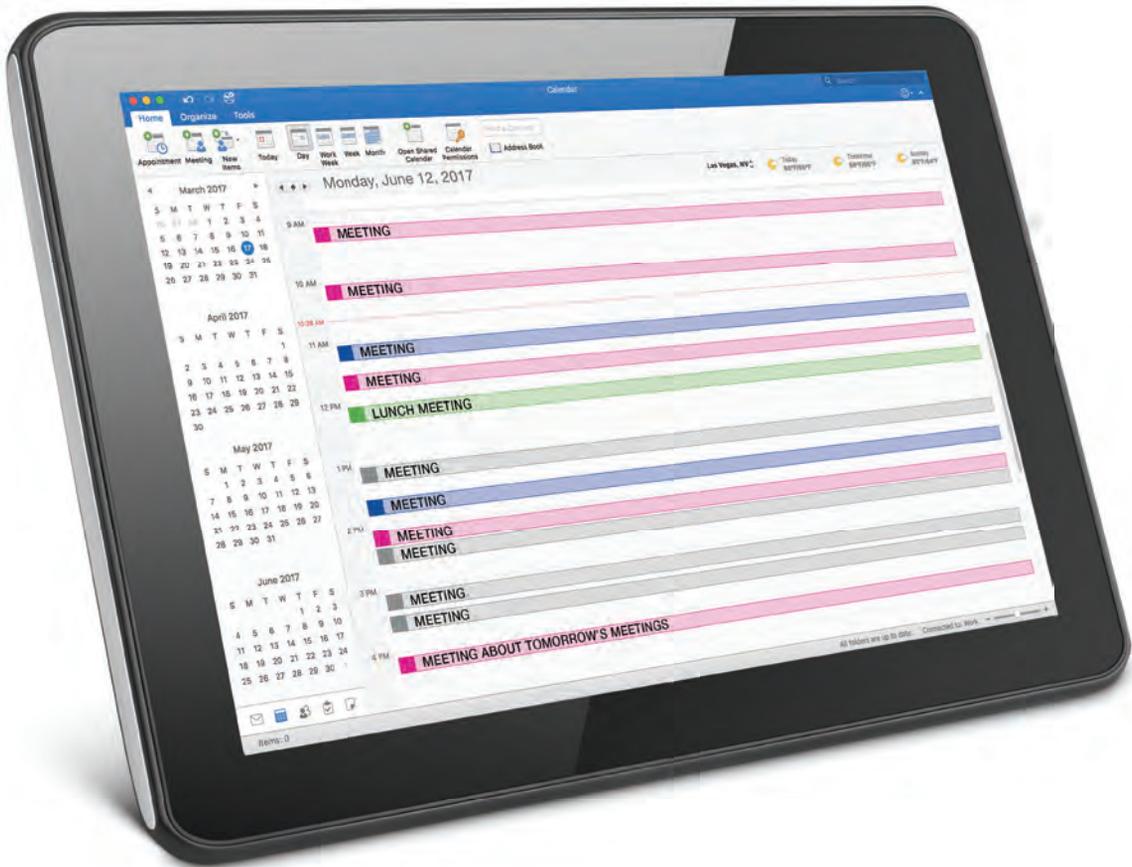
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CHANGE OF ADDRESS: POSTMASTER: Send address changes to Nevada Business Magazine, 375 N. Stephanie St., Bldg. 23, Suite 2311, Henderson, NV 89014. Subscribers please include previous address or mailing label. Allow six weeks.

EDITORIAL SUBMISSIONS: Address all submissions to the attention of Tarah Richardson. Unsolicited manuscripts must be accompanied by a SASE. Nevada Business Magazine assumes no responsibility for unsolicited materials.

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NEVADA'S
ECONOMIC
OUTLOOK

2018

B L U E S K I E S
A H E A D

By Doresa Banning

IT'S been a decade since the great recession hit Nevada. As we start the new year of 2018, the state's economy overall remains in recovery mode, with the majority of related metrics remaining below their peaks in 2006 and 2007.

Looking forward, we can expect continued steady, incremental growth of the economy in the Silver State at both regional ends, experts said, which is preferable over a rapid, unsustainable rate.

"Things may slow a bit from this year, but we see continued expansion of the local economy and no signal of recession locally," Dr. Stephen Miller said in reference to Southern Nevada. He's the director of the Center for Business and Economic Research (CBER) at the University of Nevada, Las Vegas (UNLV).

Brian Bonnenfant echoed the sentiment for Northern Nevada, describing the outlook as, "steady she goes, more of the same and a mirror of what happened in 2017." Bonnenfant is the project manager at the University of Nevada, Reno (UNR) Center for Regional Studies.

Two metrics that seem to prove this expectation for

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Nevada as a whole, Miller said, are CBER's Coincident Employment Index, which indicates how the economy is performing today, and its Leading Employment Index, which predicts how the economy will do in the next four to six months. As of Sept. 30, 2017, the most recent data available, both indices were on an upward trend.

Primary growth drivers in the south will be tourism, tourism-related investments and



Brian
Bonnenfant

University of Nevada, Reno's
Center for Regional Studies

construction, said John Restrepo, principal, Las Vegas-based RCG Economics, an economic and financial consulting firm. Other

contributing factors will be continuing expansion of the retiree population along with activity in the warehouse/distribution and logistics sectors.

In the north, new jobs are being added at a rate of about 4 percent, or between 7,000 and 10,000 jobs annually, in the Reno-Sparks Metropolitan Statistical Area (MSA). An "in-migration" of people to fill them will drive the economy, Bonnenfant said.

A wild card that will affect Nevada's economy is the recreational marijuana industry, which is, "breaking records in terms of revenue in the first couple of months compared to Oregon and Colorado," Miller said. Federal legislation concerning taxes and/or health insurance coverage, along with geopolitical events, could also have an impact.

Employment

Nevada's U-6 jobless rate (unemployed, marginally attached and forced part-time workers) is expected to remain above 9 percent through 2018, Restrepo said, according to data from RCG Economics. As of Sept. 30, 2017, it was 11.4 percent, the third highest in the United States, whereas the reported, seasonally adjusted unemployment rate for Nevada was 4.9 percent.

Specified by county, the preliminary non-seasonally unadjusted jobless rate as of October's end was 5.1 percent in Clark, according to statistics from the Nevada Department of Employment, Training and Rehabilitation (DETR). It was 3.9 percent in Washoe, the highest at 6.4 percent in Nye and the lowest at 3.1 percent in Eureka.

In Southern Nevada, employment should continue to grow but more slowly than in 2017, at a rate of just under 2 percent, Miller said.

Northern Nevada should expect about a 4 percent growth rate. When compared to the jobless rate, that's full employment, Bonnenfant said, which necessitates new population to fill the added jobs. Employment categories "to keep an eye on in the next couple of years," he said, are business and profession-

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John Restrepo
RCG Economics

al services, manufacturing, healthcare and education.

In 2018, the state will continue to experience a dramatic deficiency of construction tradespeople and laborers. About 82,700 construction jobs were recorded in Nevada for September 2017, reflecting a 5.5 percent year-over-year growth, RCG Economics data revealed. About 15,000 of them were in the Reno-Sparks Metropolitan Statistical Area.

For projects to be built in 2018, the Las Vegas Valley is an estimated 10,000 construction workers short, according to the Collier's Q3 2017 Las Vegas Research & Forecast Report. The northern region will have to compete with Northern California for workers as reconstruction following the Santa Rose fires takes place, said Bonnenfant.

Along with this general forecast of Nevada's 2018 economy, experts weighed in on four sectors: tourism, mining, healthcare and real estate.

Tourism

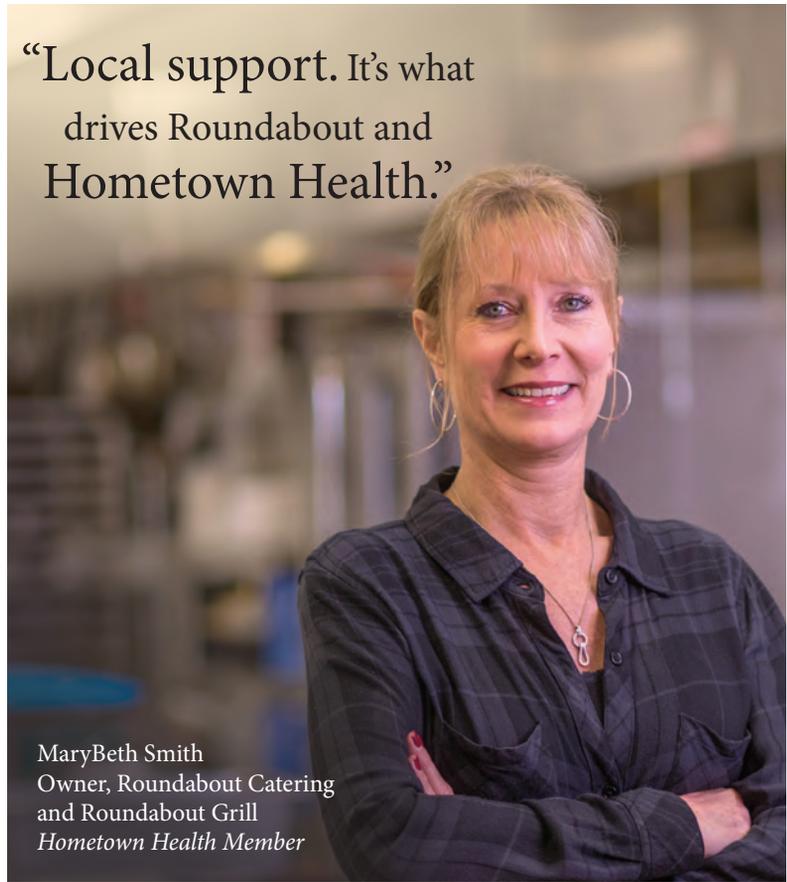
The tourism industry in Las Vegas should be "innovative, action packed and groundbreaking," said Rossi Ralenkotter, CEO, Las Vegas Convention & Visitors Authority (LVCVA). "There are a lot of major developments on the horizon that will support [it]."

One is the billions of dollars' worth of slated tourism-related projects, including the Las Vegas Stadium, Las Vegas Sands Corp.'s new music/entertainment venue, Wynn Resorts' Paradise Park, Genting Group's Resorts World and the Las Vegas Convention Center District expansion and renovation project.

Additional meeting space expected to come online in 2018 includes Aria Resort

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MaryBeth Smith
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LEGAL CONCERNS

— By John Seelmeyer —

Law Firms Today

LAWYERS have always served as society's designated worriers, but Nevada's legal practitioners seem to be wringing their hands a little more than usual these days for several reasons. While the resurgent state economy is creating lots of opportunities, a strong economy also creates its own set of challenges.

Lawyers worry about the arrival of big competitors from out of state. They worry that too many newly minted attorneys can't find the high-paying jobs they need to pay off student loans. They worry about their ability to recruit top legal talent and the skilled administrators who keep law firms humming. They worry whether they'll be able to raise hourly rates enough to cover rising costs of business. They worry that the dedicated professionalism that drew them to law may be bending under economic pressures.



Rise and Fall of Firms

For decades, the legal business in Nevada has followed a rinse-and-repeat cycle. When the economy is good, large firms, either regional or national, open new offices or acquire existing practices in Las Vegas or Reno. Some attorneys seek out the opportunity to work with the resources available at a larger firm. Others who don't want to work for big outfits strike out on their own and create new specialized boutique firms. Some of the small firms grow, are acquired by bigger firms and the cycle spins again.

These days, regional and national firms flock to Nevada as they see opportunity in the state's increasingly diversified and sophisticated economy, said Michael Feder, a Nevada-based member in Dickinson Wright, a nationwide firm with offices in Las Vegas and Reno.



Michael Feder
Dickinson Wright

The arrival of the Las Vegas Golden Knights of the National Hockey League and the excitement surrounding the move of the National Football League's Raiders to Las Vegas has helped draw attention to the changing face of Nevada, Feder said. Of course, the arrival of Tesla in Northern Nevada and the growth of Amazon and other tech companies in Las Vegas also got the attention of law firms looking to expand into the state.

Still, the rising tide of the state's economy isn't lifting all legal boats equally. Attorneys who specialize in business combinations and real estate transactions are busy these days. Bankruptcy attorneys aren't as busy as they were a

couple of years ago. The lawyers who specialized in construction defect litigation saw much of their business vaporize when Gov. Brian Sandoval signed legislation in 2015 that tightened the rules surrounding construction defects.

Out-of-State Competition

One indication of the strength of the legal business in Nevada is the number of out-of-state attorneys — especially from Arizona and California — who are seeking work in the state.

"Approximately one-third of the Nevada bar is comprised of lawyers located outside of Nevada," said Gene Leverty, a Reno attorney who serves as president of the Nevada Bar. "Bottom line: There must be work in Nevada, because we are drawing more lawyers who want to become part of the bar to practice in Nevada. The opportunities for lawyers are still great in Nevada."

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Gene
Leverty
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However, newcomers to Nevada don't always find immediate success, said Feder. They often need to adjust to the idiosyncrasies of the state's market.

"Relationships are different here," he added. "Much as this state has grown, it's still a small market. People know each other. You have to make sure that you advocate in a professional manner."

The increased competition isn't necessarily a bad thing for established firms, said John T. Steffen, a co-founder of Las Vegas-based Hutchison & Steffen.

"Competition is prompting firms like ours to take unusual steps to bolster their profiles, practice areas and billing structures," Steffen said.

His firm, for instance, has strengthened its presence in Northern Nevada with offices in Reno and Incline Village. He also hired partners from other firms with specialized skills who could boost the offerings of Hutchison & Steffen.

Feder, meanwhile, said continued recruitment of excellent legal talent is the single most important issue faced by Dickinson Wright in Nevada. The firm, he added, looks for skilled legal professionals who are comfortable with the firm's culture and are prepared to make a commitment to Dickinson Wright for the remainder of their careers.

A related challenge is building the name recognition of Dickinson Wright across Nevada. Higher visibility obviously helps the firm attract new clients, but Feder said it's just as important for recruitment of top talent.

Growing Local Firms

Smaller firms are staffing up as well. Las Vegas-based Schwartz Flansburg, for instance, expects to grow from its current

team of eight lawyers to a group of 10 or 15 over the next few years.

"We want to be big enough to handle larger, sophisticated cases that need the undivided attention of three or four lawyers," said Frank M. Flansburg III, co-founder and co-owner of Schwartz Flansburg.

But at the same time, the firm's founders want to protect the culture of a smaller firm, one of the reasons they established Schwartz Flansburg three years ago. They've doubled the legal staff of the firm over the past couple of years, growth driven both by the need to handle complex commercial work as well as the addition of consumer legal services.

Larger firms said they sometimes have trouble finding enough top-flight legal talent to support their growth plans. "That's always true when business is on the upswing," said Flansburg.

From the biggest international firms to the smallest one-person office, law firms have only one commodity to sell — the time and expertise of their professional staffs. It's a challenge to keep that inventory in line with clients' demands.

"If you have a large case, you can't just go out and hire five lawyers," explained Flansburg. "But at the same time, you want to be able to attract that case."

Limited in their ability to staff up quickly when big cases arrive, law firms typically demand long hours — 60 or more hours a week — during peak times. At the same time, legal professionals understand that they're likely to be billing fewer hours during slack times.

Even as firms expand their staffs, recently minted graduates of law schools may not be able to find the high-paying



John
Steffen
Hutchison & Steffen



Frank
Flansburg
Schwartz Flansburg

jobs they need to pay off enormous student loans.

"There are too many lawyers struggling to find high-paying jobs in the private sector or paying community," said Steffen. "However, there are not enough lawyers available to provide legal services to people who cannot afford it, to meet the needs of the socioeconomically disadvantaged."

It's not just recruitment of legal talent that keeps leaders of law firms awake at night.

"One common concern many law firms in Nevada share is how difficult it is to find dedicated, hard working and competent support staff such as legal secretaries and paralegals," said Steffen. "These positions can pay a high hourly wage yet it's surprising how few qualified workers are available."

The rising costs of employee benefits and other overhead also challenge managers of law firms, especially in an environment in which they find it difficult to simply raise attorneys' billable rates.

Impact of the Digital Age

During the past couple of decades, productivity gains delivered by sophisticated document-management software and digital law libraries provided some protection for law firms' profitability even in the face of higher operating costs.

The impacts of the new technologies were felt widely in law practices — and not just in the increased daily productivity of lawyers, paralegals and administrative staffs.

Law firms downsized the physical size of their offices because they no longer need expansive spaces for files stuffed with paperwork. And the law library filled with

Legal Expenses

Improved efficiency is particularly important for law firms because clients continue to keep a tight rein on legal expenses, a trend that began during the recession.

“People are less likely now to let lawyers run up legal fees with little or no account-

leather-bound volumes is little more than a photo backdrop for most firms these days.

On the other hand, digital documents are creating massive new workloads for attorneys, particularly in complex cases of commercial litigation.

Not all that long ago, Flansburg noted, a lawyer might get a box or two filled with files in response to a request made during the discovery phase of litigation. Now, the lawyer is more likely to get massive amounts of data. Companies, after all, back up and save everything these days.

Lawyers worry that they might miss a case-winning needle in the haystack, so they spend countless hours plowing through electronic documents. Sophisticated search tools help, but lawyers fret that an incorrectly worded search might miss the one document they badly need.

Improvements to the System

Major changes in the state’s courts system also play a role in improved productivity. Most notably, judicial appeals are moving more quickly now that the three-year-old Nevada Court of Appeals is up to speed.

Abbi Silver, chief judge of the Court of Appeals, said the three-judge panel was on track to decide about 1,000 cases during 2017, up from barely more than 700 in each of its first two years.

Most critically, the cases amount to about a third of the heavy case load faced by the Nevada Supreme Court before voters approved creation of the new appeals court. With Supreme Court workloads that were among the heaviest in the country, cases sometimes weren’t decided for three or five years.

The Court of Appeals moves more quickly — sometimes issuing written orders within a day after it has heard and decided a case.

“We want the parties to have a disposition,” said Silver. “They need resolution in their lives.”

The Supreme Court determines which cases will be decided by the Court of Appeals and most of them are cases in which one side or the other believes that a lower court incorrectly applied clear, existing Nevada law. More difficult cases — such as those in which no clear law exists — remain in the hands of the State Supreme Court.

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Industry Focus



Non-Profit

LEFT TO RIGHT ► **Connie Brennan**, Nevada Business Magazine · **Liz Ortenburger**, Safe Nest · **Dr. Tiffany Tyler**, Communities in Schools

Denise Tanata, Children's Advocacy Alliance · **Paul Stowell**, City National Bank · **Robyn Caspersen**, United Way of Southern Nevada · **Tom McCoy**, American Cancer Society
Myesha Wilson, Olive Crest · **Mark Brown**, Miracle Flights · **Cami Lewis**, Tech Impact Las Vegas Opportunity Center · **Caroline Ciocca**, Make-a-Wish Foundation of Southern Nevada

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IS IT THE GOVERNMENT'S RESPONSIBILITY TO FUND NON-PROFITS?

CAROLINE CIOCCA: You shouldn't have all your eggs in one basket. We don't get any federal money, so I speak just from my experience. [Federal dollars are] very unstable. I went through an experience where they wanted us to change our program to get the money and I turned down over \$100,000 because in our expertise, it wasn't the right place to be, just to appease a government mandate or check the box. Then they came back to us because they needed us to pass that money through. They need the non-profit sector to be able to distribute the resources to services. Even if you're privately funded, if all of your funding comes from the corporate sector, it's one loss of a donor that can throw your entire organization into a tizzy. It's the same with having the one big donor that is carrying all the weight for you and they decide one day they don't want to be there.

DR. TIFFANY TYLER: If government is about insuring the health of our citizens, then there's a role that government can play. I don't think we should ever be overly dependent on any particular stakeholder group. While we've had the benefit, as a society, of leveraging government funding over the last however many decades, as we elevate the discussion around what the return is, we should expect that folks are going to shift the way that they're using resources.

WHAT ARE DONORS LOOKING FOR IN NON-PROFITS TODAY?

MARK BROWN: We have a responsibility to help our donors achieve their goals. I think we have a core competency of our mission. But the other core competency, and I'm going to work to develop this next year, is really become a media organization, to be able to

Non-profits in Nevada are facing a myriad of challenges from finding qualified staff and volunteers to changes to the federal tax code. Recently, executives for Nevada non-profits met at the Las Vegas offices of City National Bank to discuss these and other issues facing their industry.

Connie Brennan, publisher and CEO of *Nevada Business Magazine*, served as moderator for this event. These monthly roundtables are designed to bring together leaders to discuss issues relevant to their industries. Following is a condensed version of the roundtable discussion.

HOW BIG OF AN ISSUE TODAY IS FUNDING FOR NON-PROFITS?

MYESHA WILSON: Our biggest challenge in Nevada is definitely funding. We are, in general, funded through our government, which sometimes can provide a little bit of "mission drift" for our organization because of the hot topics. If it's a hot topic, we'll likely get funded. If it's not, then we have to rely on our donors.

CAMI LEWIS: Our biggest challenge is also funding.

DENISE TANATA: One of the biggest issues that we see right now is what's happening at the federal level. Nevada, as a state, and the organizations within our state are very heavily reliant on federal funding. The risk that we're seeing now, not only with the tax plan but with budget cuts, affects essential safety net programs that we rely on and could have a devastating impact on our state and on our community.

LIZ ORTENBURGER: I'm incredibly concerned about the federal cycles of funding that come up next year and the lack of seriousness that seems to hold in the current administration's lens. The biggest concern facing non-profits is the tax code as it's working its way through the federal landscape and what that impact might have on charitable giving.

TOM MCCOY: Talking about tax deduction, we don't want to see that [go away]. But, I think it is a good wake up call for every non-profit to ask if they are relevant. If that deduction goes away, are you still going to have donors come to you and say, "Here, I want to help." If not, then maybe you need to take a look at how relevant you are to them.

take advantage of the shifting world out there, to stay relevant. Stories sell. We have incredible stories. We need to do a really good job, a much better job, of telling those stories, not only about our families and the successes, but also how your contribution helped us.

CIOCCA: Donors are more sophisticated. They want to know impact. They want to know where you're going. How are you going to solve the domestic violence issue? People give to people. There's amazing causes all over. Everything says Make-A-Wish should be so easy. Well, not if the donor really cares about education. They're sorry the kids are sick, but it doesn't mean they're going to put their money there if it's not what they're passionate about. It doesn't make them a bad person, they just have priorities. They may have other interests. We have to get better about building the relationships. We go to donors and meet them one time and ask them for \$50,000. How does that work? It's not the right system. It takes times, but when you're in a pressure cooker and you're trying to raise money and you're almost hand to mouth, then you're not going to have the patience to cultivate a relationship for two years to get the gift that you want.

ORTENBURGER: Questions about outcomes, what we are seeing and how we are truly ending domestic violence; those are the questions a donor should ask that are really relevant to whether or not the services I provide are good. I don't hear that here, but I certainly have heard that in other markets. I think it's coming. I think what we lack here is a non-profit education stream for donors and for board members to raise our non-profit acumen.

HOW DOES MEASURING OUTCOMES HELP NON-PROFITS?

PAUL STOWELL: In terms of our maturity, we have to start incorporating analytics to really measure where we are and where we're going



and how we can eradicate, for example, hunger. Someone said eradicating hunger in this community, or any community, is probably going to be the greatest challenge because of the continual influx of people moving here and who we're attracting coming to this town. Can we use analytics to raise the quality of donor base in this community?

TANATA: What I have seen as a researcher over many years is that a lot of our non-profit programs, particularly the smaller ones, do not have evaluations. They don't keep metrics. They will keep file drawers full of tons of data and tons of information, but it's not used in a meaningful way. Part of that goes back to the funding. We are not funding evaluation and we're not funding appropriate data collection. I am seeing a shift in our philanthropic community of them coming together a little bit more, receiving consultation from groups about how they most effectively use the dollars that they have for the greatest impact. We have a long way to go in that realm. If we're going to have the greatest impact, there has to be a requirement for not just outputs, but outcomes, that are aligned to more of that star target. And that has to be funded.

TYLER: As an organization that has had the benefit of analytics for over two decades now,

I can tell you that, as it relates to building our capacity, we really need to attend to this notion of how we build the capacity of every stakeholder. I can tell you what my graduation rates are, what attendance or behavior or course performance is. Unless I'm saying to the folks that actually do the work, "Let me tell you what happened when you put interventions two through four together and how it got us closer to the result," we could do five all day long and never see anything move. Unless we're having those conversations as a community, anything that we do will be ill-sustained as a part of that work.

HOW DO YOU WORK TO EVOLVE YOUR ORGANIZATIONS?

MCCOY: I identify this as our challenge, but I think it's a challenge for others as well as I listen around the table, and that's relevancy. Are you relevant in this community in 2018? Are you relevant with your core root? We've had to take a hard look at what we're doing with our programs. The goal of the events is to raise money. We do Relay for Life, Making Strides Against Breast Cancer and quite a few others. We're finding that some of these just don't make sense anymore for raising money. Obviously we have to [raise money] to provide the programs we provide. Relevancy, to me, is a major challenge.

BROWN: I spend a lot of time trying to educate our various donor bases, both locally and nationally, that we're businesses. Even though we're non-profits, we're businesses. Retaining people, recruiting good staff, you have to be competitive in this day and age to stay relevant. You expect accountability from the non-profits that you support and donors rightfully expect that and demand that. But I think in order to stay relevant, you have to change with the times. A lot of times that means spending money in ways that previously you didn't have to.

CIOCCA: We spend a lot of time educating the medical community and the community

at large. It does become a barrier for referrals and also for donors for people to get involved with us because they think it's too sad and too difficult to work with our mission. If our businesses are not successful, then we're not going to get money. If we're not successful, then our community hurts. The government can't take care of everything.

HOW DO NON-PROFITS COLLABORATE WITH EACH OTHER AND THE COMMUNITY?

STOWELL: I have been involved in the community from a philanthropic standpoint for the past 32 years. I've served on a number of boards and I've seen this community, from a philanthropic side, from all different angles. I have seen the good, the bad and the ugly. This community is in one of the best spots it's ever been in from a philanthropic standpoint and the collaboration between non-profits as well as for-profit.

LEWIS: [We are challenged with] finding ways to collaborate with other agencies that serve a similar demographic so we can help folks get skills to be able to go out and get careers.

ROBYN CASPERSEN: I believe the biggest challenge is collaboration. Sources are finite, funding is finite, personnel is finite, specialists are finite but data is not. We have a tremendous amount of data that tells us our community is hurting in many areas. I believe our biggest challenge is finding common ground for us to work together. We are stronger together. We have common language. We often look at the same indicators. We need to be smarter about how we invest our finite resources.

TANATA: Collaboration has always been an issue in this state and I think it continues to be, although I've seen a lot of improvements over the past 20 years that I've been doing this work.

TYLER: What comes to mind for me is the need to understand the impact of the evolving context of our work. That includes the national



funding discussion or the need for collaboration. Even the discussion around how we come to a shared understanding, not only of what the needs are, but a shared understanding of a theory of action. This allows us to work together. While there hasn't been an opportunity to establish that cross agency effort, I am encouraged by the fact that the notion of collective impact or that level of collaboration began a few years ago in our community. We're collaborating because we're in the same households whether or not we're communicating together. Whether or not we adopt the philosophy or the practices associated with [collaboration] we're oftentimes dealing with complex issues that are interdependent. We're collaborating whether or not we're doing it well or doing it intentionally.

IS FINDING AND RETAINING TALENT AN ISSUE IN THIS INDUSTRY?

WILSON: We are in a transient city and funders don't want to fund companies that have a lot of turnover and that's kind of inevitable in our organizations.

CIOCCA: I think our biggest challenge is talent. It's talent that is professional, the talent that we pay, but it's also volunteer talent. We're forced to use volunteers which makes our business very vulnerable because people are busy. If something happens, non-profit work is the first to go. It makes it very challenging to operate when you may or may not get the volunteer talent to show up. Everybody has the right intention, but we're a very busy society. Make-A-Wish is very reliant on volunteers to execute our mission. We send volunteers out to meet with our kids and they discover the wish. We put a lot of trust into a volunteer team, which goes back to the cost of managing and training and educating volunteers. You can't do that on a dime. You must have paid staff to manage and lead them, train them. It's this vicious circle. Talent is something we really need to be able to recruit really good people. If you're going to pay someone a coordinator's salary but you want them to be a CEO, it just doesn't work. You get what you pay for.

TYLER: As it relates to how we build professionals in this work or attract more professionals, we can't divorce that from all the other discussions we're having in the community. [Those discussions] include how we diversify our economic development and how we improve our educational system. Ultimately those high-quality professionals don't come to communities without doing some assessment that includes all those things. We talk about these issues as if they are independent and they really are not. They're really interdependent. 🌿

IN BRIEF

Las Vegas has been named the second best large college city, according to a study released by WalletHub. The study evaluated over 400 U.S. cities, grouped by size, large, midsize and small. Based on 28 indicators of academic, social and economic growth potential, the cities were ranked on data ranging from cost of living and quality of higher education to crime rate.

UnitedHealth Buys DaVita's Primary and Urgent Care

United Health Group, Inc., the largest health insurer in the United States, has announced the purchase of DaVita Inc.'s primary and urgent care services for \$4.9 billion. DaVita operates medical groups in six states, including Nevada, and serves 1.7 million patients through approximately 300 clinics. In addition, the purchase will add 2,200 physicians, nurse practitioners and physician assistants as well as 15,000 other affiliated providers to UnitedHealth's group. 🌿

Graduation Rates Hit Record Highs

In school districts on both ends of the state, graduation rates for the Class of 2017 have hit record highs. The Washoe County School District (WCSD) set a new graduation record of 84 percent of seniors graduating. The Clark County School District's (CCSD) final graduation rate was also a record high of just over 83 percent. That's an increase of 7 percent for WCSD and 8.34 percent for CCSD, over the previous year. 🌿

Hutchison & Steffen Opens Two Northern Nevada Offices

Hutchison & Steffen has opened new offices in Reno and Lake Tahoe. The law firm hopes to expand and strengthen their statewide legal practice and has hired local legal experts to launch the offices. Hutchison & Steffen is one of the state's largest law firms and has over 40 attorneys in Nevada. 🌿

Las Vegas Named World's Leading Meeting and Conference Destination

For the fifth year in a row, Las Vegas has been recognized by the World Travel Awards as the leading meetings and conference destination. The organization supports and promotes global travel and the tourism industry by identifying and rewarding excellence. Honorees are determined by executives working within travel and tourism as well as the consumer travel buyer. Las Vegas hosts nearly 22,000 meetings and conventions each year. 🌿

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WHERE'S THE 'PROGRESSIVE' OUTRAGE OVER GOVERNMENT'S FAILURES?

Michael Schaus is communications director for the Nevada Policy Research Institute.

Fifty-four years ago this month, President Lyndon B. Johnson announced the beginning of what would turn out to be America's longest running war: the "War on Poverty."

"This administration today, here and now, declares unconditional war on poverty in America," boomed Johnson, basking in the applause the grand declaration guaranteed him during his State of the Union Address.

That "war," however, by its 50th anniversary had consumed more than \$22 trillion in federal spending — while doing effectively nothing to lower the United States poverty rate.

Yet what deserves mention on this anniversary of Johnson's "progressive" crusade is not simply its failure to cure poverty. Just as noteworthy is the stunning silence from big-government advocates regarding the war's utter failure.

On one level, the silence from progressive champions of the entitlement system is unremarkable. After all, given the abysmal failure of their programs, drawing public attention to that reality is a clear political no-no.

But such general apathy among progressives regarding the actual results of their government-run solutions is a long-standing pattern.

And it says something important about where their priorities truly lie.

Whether it's public education, socialized medicine, welfare and food stamps or any number of big-government initiatives, the actual results of progressive policy never seems to be objectively measured by its champions.

It's as if the ostensible good intentions behind these big-government "solutions" shields them from being judged on their actual effectiveness.

After all, why aren't more progressives upset that the unscrupulous are using food stamps to purchase lobster and champagne? Don't such extravagances compound the cost of the program and hamper adequate assistance to Americans in genuine need?

Where's the outrage over the utter failure of Europe's many socialized healthcare schemes to reduce mortality rates from preventable diseases? British subjects diagnosed with breast cancer, but stuck with their government-run healthcare system, are significantly less likely to survive than Americans.

Why are the defenders of government-run K-12 education not seriously upset over the complete lack of educational improvement, despite the record amounts of money spent?

In fact, far from examining the waste, fraud, ineptitude and abuse of such programs, progressives merely champion the expansion of virtually each of them.

So why isn't there a panic within the progressive movement to reform, if not at least audit, these ostensibly important programs? After all, every dollar saved by eliminating waste in welfare means another dollar available to help someone else in need. Every dollar saved by trimming the fat in public education means another dollar we can direct to "help the kids." Each dollar saved by reducing government healthcare spending means another dollar available to help individuals with no coverage.

In short, if one believes it is government's legitimate role to provide these services and programs, then maintaining the highest level of integrity within the programs — and actually achieving tangible results — should be paramount.

And yet, such concerns are largely ignored among progressives. When was the last time big-government advocates took to cable news to call for substantial accountability reform to food stamps, education spending or government healthcare rather than merely asking for an expansion of the program?

Their priorities, it seems, are more focused on earning cheap applause, than actually solving problems.

It's a dynamic that is easy to understand. This is why large corporations, to boost their image, routinely donate to progressive causes. It's why many college students — eager to be seen as compassionate and revolutionary — are quick to support progressive causes that sound nice, and seem well intentioned. And, unsurprisingly, it's why many lawmakers eagerly spend our tax dollars to expand government programs, unconcerned over ensuring accountability for the programs' eventual failure.

It is virtue signaling — not policy-making.

And while it currently seems to make for good politics, it does little to tackle the legitimate problems that beset our nation, our economy and our communities.

If results were half as important to modern progressives as virtue signaling, they would be working harder than anyone to hold government accountable, instead of endlessly feeding it more tax dollars.

No doubt, the "war on poverty" was a great bumper sticker slogan for President Johnson — and it certainly made it appear as if he was concerned about "doing something."

But it clearly was not a solution.



◀ CONTINUED FROM PAGE 11

and Casino's 200,000 square feet and MGM Grand's 250,000 square feet.

Debuting this year are Park MGM and NoMad Las Vegas, the two hotels derived from the \$450 million transformation of the Monte Carlo Resort and Casino. New city attractions will include the Fly LINQ Zipline Experience and Women's National Basketball Association games featuring home team, the Spurs.

Las Vegas visitation reached 35.7 million visitors by Oct. 31, 2017, LVCVA figures showed. However, said Restrepo, growth in visitor counts might be slower this year due to an undersupply of rooms and convention space.

Gaming remains viable, Restrepo said. Clark County gaming revenue net baccarat has gradually increased to \$733 million as of third quarter 2017's end from its roughly \$640 million trough, according to Nevada Gaming Control Board (NGCB) numbers. It should continue its slow rise.

Drivers of Las Vegas' tourism this year, Ralenkotter said, include reinvestment and innovation, continued development of international visitation and air service, meetings/conventions, business and sports.

The Reno-Sparks-Tahoe region can expect strong, steady growth of its tourism industry this year, said Phil DeLone, president and CEO, Reno-Sparks Convention & Visitors Authority (RSCVA). "We anticipate hotel taxable room revenue in fiscal year 2017-2018 in Washoe County to be up by 7.3 percent and our average daily rate to be up by 3.7 percent."

Tourism drivers show continued growth in air service, maintaining a good overall regional economy and further success of the RSCVA's newest marketing campaign that highlights the area's diverse, and seemingly contrasting, offerings, DeLone said.

The agency is on track to engage a Chinese firm to help target travelers internationally. Domestically, the addition of sales



Phil
DeLone

Reno-Sparks Convention & Visitors Authority

professionals in Las Vegas, Atlanta and Sacramento should help grow the convention business market.

This September, Northern Nevada will host Interbike, a cycling industry conference and expo, which could have about a \$21 million, local economic impact. (The Interbike-RSCVA contract is for five years.)

The RSCVA is updating the convention center's look with new carpet, paint and signs, most of which should be completed by year-end 2018, said DeLone. The authority is also considering expanding the facility by an additional, contiguous 300,000 square feet, for which a feasibility study is underway and expected to be finished in June.

Gaming remains an important part of the region's hotel-casinos, but a broad array of additional amenities must accompany it to attract playing customers, DeLone said. In fact, in Washoe County, baccarat gaming has climbed steadily to \$68 million as of Sept. 30, 2017 since its most recent low of about \$62 million, per the NGCB.

"The long-term future for Northern Nevada is really bright," DeLone added.

Mining

Nevada's statewide mining industry should have a "good" 2018 that likely will resemble that of 2017, said Dana Bennett, president of the Nevada Mining Association, who remains optimistic.

Helping the mining industry are the prices of some minerals/metals. They're "holding pretty steady and that's anticipated to continue," Bennett said. The price of gold in early December was \$1,281 per ounce versus the \$729.50 it was in November 2008. The copper price was \$3 per pound, up from \$1.50 in late 2008. The lithium price has been fairly

high. It has climbed steadily to \$9,100 per metric ton in early December from \$4,269 in 2011.

As such, some new projects may come online this year. For instance, Nevada Copper Corp., in late November, announced a development plan to swiftly advance its Pumpkin Hollow underground mine project to a construction phase, aiming to make a construction decision by mid-year and begin copper production next year.

An area of potential growth this year is the high-tech aspect of mining, for instance, with respect to autonomous vehicles, advanced manufacturing and renewable energy, Bennett said.

In terms of geothermal mining, this year will see the Nevada Bureau of Mines and Geology at UNR continue the final phase of its Nevada Play Fairway Project. The research aims to refine geothermal exploration strategies, thereby reducing the risks involved

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in developing new geothermal systems to produce commercial electricity in Nevada's Great Basin. Drilling should finish this year and be followed by development of new geophysical surveys. Release of a final report is anticipated in the spring of 2019.

The primary driver for Nevada's mining industry this year, as always, will be demand for the metals/minerals mined here, said Bennett. For example, gypsum mines are doing well due to the ample construction taking place. The demand for lithium appears to be keeping pace or increasing. In contrast, the state's barite mines are less busy due to minimal demand.

A federal action in October removed the uncertainty that had plagued mining in the Silver State for some time and, in part, had caused Nevada to drop in the Fraser Institute's rankings of the *Top 10 Most Attractive Jurisdictions for Mining Investment*. That cancellation of two federal agencies' proposed 3 million-acre mineral withdrawal in the Silver State also is expected to bolster its mining industry.

"We are feeling very positive about the year," Bennett said.

Healthcare

Two major healthcare-related issues will continue in 2018. One, Miller said, is the ongoing inadequate number of physicians to meet the demands of the state's growing population. The other is the need for state regulation of healthcare to catch up to the technological advancements already in place in the sector, such as telemedicine, Bonnenfant said.

"That's going to be an ongoing battle that is not very much on people's radar, but will be a big thing regarding costs," he added.

In terms of health insurance, covered Nevadans who aren't receiving related subsidies, will pay more for their plans this year. The approved average rate change between 2017 and 2018 costs for individuals is 31.6 percent among the seven carriers offering coverage, on and off Nevada Health Link, the online marketplace.



Dana Bennett
Nevada Mining Association

"Consumers who receive subsidies have been largely untouched by rate increases, however, those consumers who are not eligible for subsidies have seen dramatic increases to their premiums," said Heather Korbolic, director, Silver State Health Insurance Exchange, the state agency that helps individuals obtain health insurance through the exchange.

Also this year, SilverSummit and Health Plan of Nevada will offer health insurance plans through the exchange with a total of 14 plans. This is a decrease both in the numbers of carriers and plans from 2017, when Anthem HMO and Anthem PPO, Prominence and Health Plan of Nevada cumulatively offered 39 plans via Health Link.

"Some consumers are left with only one insurance company to choose from for their insurance needs," Korbolic said.

In addition, no health insurance plans for small employers will be available through the SHOP, or Small Business Health Options Program, on Nevada Health Link.

The Silver State Health Insurance Exchange will carry out its Broker Pilot Storefront Program for 2018's open enrollment season, Korbolic said. Three health insurance brokers will receive \$10,000 each to spend on promotion, outreach and/or enrollment activities. The goal is to offset brokers' costs and, thereby, increase the number of professionals available to help Nevadans enroll for health insurance.



Heather Korbolic
Silver State Health Insurance Exchange

Real Estate

In Southern Nevada, in terms of residential, demand for new homes will continue with supply trying to catch up, Miller said. Total home sales (existing and new) and the median home price have been on an upward trajectory for years and are expected to continue moving in that direction, albeit slowly, Restrepo said. As of Sept. 30, 2017, the median price of a new home in Southern Nevada had reached \$336,719 and for an existing home, it had reached \$218,408.

As for commercial development, the highlight will be construction of the major tourism-related projects under way or starting this year, Miller said.

In Northern Nevada, the 3,500 apartments under construction in late 2017 are expected to be absorbed quickly by workers relocating to the area to fill open jobs. The construction of single-family homes, however, is anticipated to remain sluggish due to unavailability of necessary workers.

"We see that as a problem for the next couple of years," Bonnenfant said.

Meanwhile, due to lack of supply, the median price of new and existing homes in Northern Nevada is expected to keep climbing, he added. The median price of a new home as of Sept. 30, 2017 was \$326,147. Home price appreciation through 2018 likely will be around 8 or 9 percent, which compares to a normal annual rate of 4 or 5 percent. This trend is continuing to make buying a house less and less affordable.

"At a certain point, it's really going to be impacted by wages and affordability, Bonnenfant said. "If wages aren't there, there will be more people renting."

With respect to commercial activity, the recent restart, after years of lagging, of office, retail and industrial construction should continue gradually. Much of the new office space is medical.

All in all, according to the experts, 2018 should be a year of positive economic activity in Nevada, certainly with some mild growth.

"I think we're going to see a stable, healthy economy through 2018," Restrepo concluded.

They gathered for a good cause, then stepped up to a greater one.

In light of the events of 1 October, Cox Communications, its sponsors and supporters have donated **\$105,000 from the 2017 Cox Charities Golf Tournament to nonprofit organizations and first responders who supported those impacted by this horrific tragedy.**

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Latitude 36 Food, LLC

This supplier of condiments for packaged salads and fresh produce has moved their operations to Reno. Buying raw materials in bulk, the company then packages the items into smaller condiments and single-serving cases for prepared boxed salad kits, an industry which has seen a significant demand increase over the past year. The new Washoe County location will provide 125 new positions in the region with a capital investment of over \$26 million.



P3 Health Partners

Original founders of HealthCare Partners of Nevada, sold in 2012, are returning to Las Vegas with a new expanded venture, P3 Health Partners. The team works with payers and health systems across the country to build medical groups and independent practice associations. Their ultimate goal is to improve clinical outcomes and patient experiences, while reducing the cost of healthcare. The company will provide 160 jobs and \$921,149 in capital investments.



Potbelly Sandwich Shop

Recently announcing plans to open its first location in Las Vegas, Potbelly Sandwich Shop is expanding the Chicago-based restaurant chain by partnering with local franchisees. The new shop is slated to create more than 40 new jobs in Southern Nevada. Company executives also expressed interest in creating community and fundraising opportunities as part of their corporate growth strategy. Potbelly is currently operating more than 400 restaurants across the U.S.

HEADSHOT | EVENT | COMMERCIAL

[PHOTO]

CHRISTUCKERLV.COM



Progress Rail Services Corporation

Headquartered in Alabama, Progress Rail Services, a subsidiary of Caterpillar, has leased 130,000 square feet of manufacturing space in Henderson. The company offers advanced electro-motive diesel locomotives, engines, railcars, track-work, fasteners, signaling and dedicated locomotive and freight car repair. The new Henderson location will service the western part of the United States with almost \$3 million of capital investment made in the Southern Nevada region.

Face to Face

MOVERS & SHAKERS

“Work hard,
play hard!”

> **EDWARD A.**

VANCE, FAIA

Founder and CEO
EV&A Architects (11 years in Nevada)

Type of Business: Architecture | Hails from: South Dakota
11 years with company in Nevada | Based in: Las Vegas, NV

How did you first get into your profession?

I was born in South Dakota, and raised in Eveleth, Minnesota. I essentially grew up in the Great White North with my brother and two sisters enjoying 9 months of winter and 3 months of bad sledding each and every year.

What is the best moment of your career?

Being elected to the AIA College of Fellows. It was an incredible honor to be included in such an elite group of architects, and to be recognized by my peers nationally.

When you were a kid, what did you want to be?

I ran track and played basketball for Eveleth High School, but being an architect was my destiny!

What do you want your legacy to be?

Nice guys finish FIRST!

What business advice would you give someone just starting in your industry?

Make sure you're doing something that you like to do every day! By doing something you like, you'll quickly zero in on your path to success.

What is a little known fact about yourself?

When I was younger, living in Dallas, I joined a rock band playing the keyboard. We played in the finest dive locations throughout “Deep Ellum” for two years and eventually made a music video and submitted it to MTV’s competition show, “Basement Tapes.” They never called us back.

What is your pet Peeve?

Dishonesty and divisiveness.

If you could be any fictional character, who would you be?

Sherlock Holmes – because of his amazing sharp mind!

What do you wish you would have learned at the beginning of your career?

I wished I had learned early on to be more concerned about my character than my reputation.

What is your motto?

Work hard, play hard!

What is your favorite thing about living in Nevada?

After living in Nevada for three decades, it's a lot like “Cheers,” everybody knows your name. It's home.

◀ CONTINUED FROM PAGE 15

ability,” said Steffen. “Clients want more predictability on outcomes and to spend less money getting there. In many respects, it was a needed course correction.”

On the other hand, Steffen worried that financial pressures on law firms may lead to bad decision-making.



Judge Abbi Silver

Nevada Court of Appeals

“Lawyers seem to have lost what should be their most valuable skill — problem solving,” he said. “People need lawyers to

solve problems. We have too many attorneys that jump head first into litigation who don’t properly explore other options with their clients and who don’t fully discuss the costs and risks of litigation versus other remedies.”

Online Competition

Law firms — especially smaller, general practitioners — also feel some pressure on the bottom end of the market from online providers such as LegalZoom.

Those providers of legal documents meet the needs of cash-strapped consumers and small businesses that either aren’t willing or aren’t able to pay the fees of a traditional law firm.

“That’s a problem in our industry that we have not been able to fix,” said Flansburg. “The problem is that these online firms provide an off-the-shelf solution, and no single size truly fits all.”

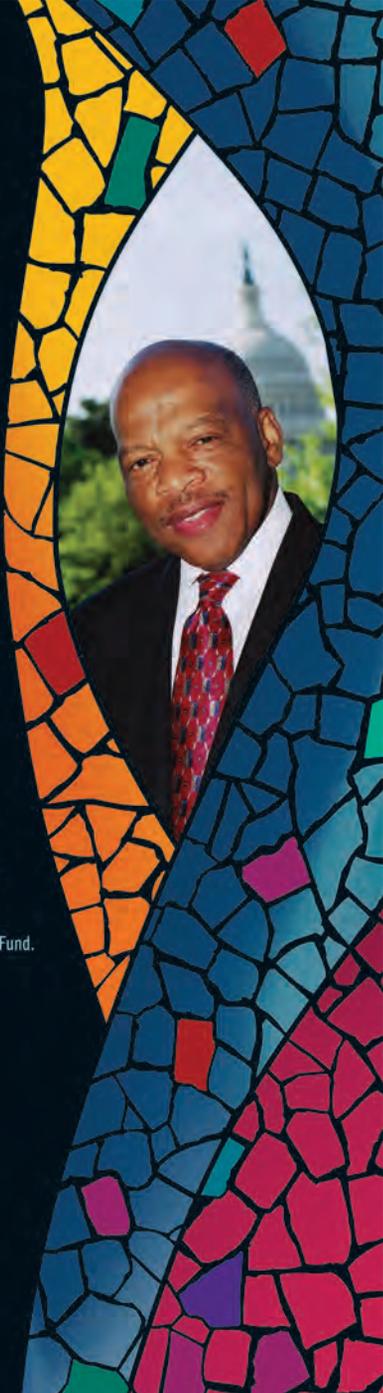
Leverly, the bar association president, contended that online services weaken the very fabric of the state as they take business from local attorneys who are rooted in their communities.

“The local legal profession -- not AVVO, or LegalZoom -- provides the community with pro-bono legal aid assistance, gives to the community and pays local taxes,” the bar association president said.

However, he noted that the online services may be shining a light on a possible business opportunity for young lawyers: Providing legal services at reduced cost to folks who don’t qualify for free legal services but can’t afford the rates of traditional law firms.

Renewed dedication to public service — even at reduced hourly rates — also would sharpen the legal world’s focus on its most important principles, Leverly said.

“We assist persons with legal problems or to avoid legal problems,” Leverly added. “The law is not a business; it is a profession.”



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BUILDING NEVADA



Todd
Manning

Marcus & Millichap

Nevada
Business
THE DECISION MAKER'S magazine

Photo By Chris Tucker

WEIGHING THE OPTIONS:

OWNING VERSUS LEASING COMMERCIAL REAL ESTATE

By Pat Evans

WEIGHING the benefits of leasing or owning real estate is important for any business, but Nevada real estate professionals said there's no definitive answer to which option is best.

Both leasing and owning real estate offers businesses advantages and disadvantages and the decision of which route to take is up to the leadership at each company, said Jeff Jenkins, executive vice president and statewide real estate manager at Nevada State Bank.

"A lot of the factors are dictated by the company and what they want to do," Jenkins said. "Some companies don't want real estate debt, they'd rather leverage for business debt and focus on the core business and capital needs."

Benefits of Leasing

While there are no hard and fast rules, different types of companies can be more apt to lease or own, based on where the capital expenditures make the most sense.

For example, a fast food chain with aggressive expansion plans likely will choose to lease while a manufacturer leasing equipment will choose to buy for fixed real estate costs, Jenkins said.

"If you're a fast food company trying to expand here in the Las Vegas Valley and want to open 60 new stores, it costs a lot of money to do that with working capital," Jenkins said. "Plus, if you have a landlord, they will contribute, assuming you're credit worthy, for tenant improvements. That can help the finances so you can build the business."

A successful business can yield 20 to 30 percent in equity based on its core business functions, whereas owning real estate

might yield 7 to 10 percent, said Todd Manning, regional manager at the real estate firm Marcus & Millichap. The drastic difference in numbers is one reason a company might choose to lease and reinvest into business operations rather than tying it up in real estate.

Leasing also provides an organization with the ability to leave when a lease is up. "If after five to six years, there's no return, they can walk away from a lease and find a better site or better rate," Jenkins said.

Benefits of Buying

However, a downside to leasing is businesses don't build any equity or reduce payments by staying in a property longer, the property will always be an expense.

An owner with a business not planning to expand, grow or reinvest in operations can see cost advantages by purchasing a building.

"They could be content with being a half billion dollar revenue business and be



Jeff
Jenkins
Nevada State Bank

there for 10 to 15 years or more; that makes the cost advantage much greater,” Manning said. “The flexibility isn’t the same as in leasing and it is subject to the swing of the economy, but you do have tax benefits.”

If a company has its money in leases of equipment making widgets, it might make more sense to fix the real estate cost so leases don’t increase.

“If I’m leasing and the lease comes up, I don’t know if the landlord will increase the rents so much it will affect my profits,” Jenkins said. “Then it can come down to it making sense for me to control everything in terms of real estate.”

Both leasing and owning have advantages when it comes to taxes. “You can write off depreciation and mortgage debt,” Manning said. “You can often deduct the whole lease payment, which can be even more advantageous. It simply comes down to what the client is looking to do with their business.”

Small Businesses

Small businesses can also find a positive in owning, said Chris Hunter, senior vice president at TMC Financing, a firm specializing in small business lending. Hunter, who heads up the Nevada market, said business is trending up with an increase in small business lending production of 20 to 25 percent this year.

“Every indicator is we’re going to be this busy for the next two to three years,” Hunter said.

A business can qualify for a Small Business Administration (SBA) loan if it occupies as little as 51 percent of the real estate space. The remaining space could be leased to other companies, generating passive income to help offset the loan payments, Hunter explained. Buying a larger building and renting out unused space also provides business owners an easy route to expansion within their own asset. An SBA loan can be obtained for as little as 10 percent down, he added.



Chris
Hunter
TMC Financing

Sometimes running the numbers of leasing versus owning can sway a decision, said Brad Lancaster, vice president of the Reno office of the real estate firm Kidder Matthews.

“I sold five or six buildings like that,” Lancaster said. “I run a few scenarios on types of loans and what it means on an overhead basis and interest rates are still low enough they can have a lower monthly overhead than if they lease. Then it comes down to the down payment.”

Effects of the Recession

As the economy continues to perform well in the recovery of the recession, small business owners are increasingly making the pivot to real estate ownership.

“During the recession, the landlords had to put people in the spaces to get revenue in some shape or form,” Hunter said. “Now we’re coming out of those incredible lease rates where tenants had all the leverage and now they’re going up 3 percent on average and these small business owners could sit there and negotiate or go out and purchase their own space.”

Developers have also emerged who help provide a one-stop shop to build-to-suit an industrial space. In many markets across the country, the standing inventory of industrial real estate is depleted, but building from scratch is a path filled with



Brad
Lancaster
Kidder Matthews

pitfalls for business owners, which can be an eye-opening experience, Hunter said. The developers get the land, build a pad and provide a gray shell, along with helping secure contractors and fixed construction costs.

“It’s like buying a prebuilt home you customized the finishes on,” Hunter said. “You own the building, so it’s the same end game with fixed costs.”

Hunter also added that the locking in of a fixed mortgage payment for 20 to 25 years can be tantalizing for a company that doesn’t expect to outgrow their space. Buying in today’s economic climate makes more sense than the few years prior to the recession.

Leading up to 2007, investors were purchasing properties considerably above replacement value. “These days, it’s more in line and a healthy stable market,” Hunter said. “Growth trends are still healthy.”

Owning a property allows for a company to know it has longevity in the building it’s in, making it a great choice for companies looking to maintain their size, Jenkins said. While owning, the payments stay the same and only slight changes in taxes and utilities are the unknowns. He also said making the payments and reducing the debt, a company will gain equity and, depending on the economy, pick up some appreciation.

Equity in real estate is the only reason big box retailer Sears is currently worth any money, Manning added.

Real estate ownership also means all tenant improvements fall on the business’ bottom line, which can provide for large, unexpected payments, Jenkins said.

The real estate market can also dictate owning to be a negative. “The downside is that market conditions can be such that you have no equity when you want to get out of it,” Jenkins said. “There’s also a lag of selling, which ties up capital, if you want to sell to downsize or grow the business.”

Location, Location, Location

Some business owners don't have a choice with the space they want, Manning said.

Office users are often in line to lease a Class A real estate space and they can be prohibitively expensive to buy.

"If you're a professional services company and you want to be in a high rise tower, you don't have \$100 million to buy the building," Manning said. "You also don't want to be a landlord with 20 to 50 tenants. There are greater opportunities if you're leasing to get into a flagship or Class A space you could not afford if you're looking to buy."

Similar circumstances can pertain to retailers as well, Manning explained. A client might decide to buy or lease based on what properties are available at the location the business owner desires.

"For a lot of clients we work with, location is really important," Manning said. "Location is paramount and then it becomes about what's available and if not, how willing are they to move off of their preferences?"

Changes in the future of commercial real estate might come with advances in technology, especially in retail, but the exact effects are yet to be fully seen, Jenkins said.

In the Reno-Sparks area, Jenkins said investments by Switch, Tesla and Google are making it a hot bed for industrial activity. Those in turn are heating up the multi-family and single-family residential market.

"Single-family up there, the pricing is extremely high," Jenkins said. "A lot of it has to do with the influence of Northern California where prices are even higher."

The Reno area is "white hot" with the lowest industrial real estate inventory since the metric has been tracked, Lancaster said, making it difficult to find leases.

According to Jenkins, Las Vegas is the next Nevada hot spot when it comes to

commercial real estate. Multi-family and industrial are very strong in the Valley.

"We're highly influenced by Southern California," Jenkins said. "The Las Vegas Convention Center does such a terrific job, it's an amazing amount of people who come here for a convention and then decide to move a business, open an office, buy real estate or second home.

Las Vegas is a "very active investment market," Manning said.

Parts of the Valley, which once were avoided, are now becoming attractive for real estate buyers. "There's stuff going into North Las Vegas now. People used to mock [North Las Vegas as] a dead zone," Hunter said.

"A business owner might want to tie up money in real estate because they like the ability to see appreciation and want to control rent and on the flip side, you have owners who want to reinvest in operations,"

Manning said. "Also, some people just enjoy owning. They know rent's not going up every year or they want to park their money."

No matter what the business is, there are advantages to owning and leasing property. It all depends on how the business leaders view money and what they want to do with it. According to Manning, when he sits down with a client, most already know whether they want to lease or buy. 

IN BRIEF

Round Mountain High School (RMHS) and the Nye Country School District have announced a partnership with Jobs for Nevada's Graduates (JAG Nevada). A new JAG program will launch at RMHS beginning in the spring of next year. Round Mountain Gold/Kinross has invested in the launch of the new program.

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RETAIL SUMMARY

THIRD QUARTER 2017

NORTHERN NEVADA

By NAI Alliance

The Reno/Sparks retail market saw continued improvement in the third quarter. Two anchor tenants opened stores in the market this quarter. Grocery Outlet opened their fourth location in the Spanish Springs Shopping Center in a portion of the former Scolari's grocery store site. Sprouts opened their first local store along with Starbuck's in the South Meadows Promenade in south Reno.

There was a total gross absorption of 131,035 SF during the quarter, with a net absorption of 99,415 SF. The overall retail vacancy rate in the market is 12.8 percent. The anchor vacancy rate is 12.4 percent, down from 13 percent the previous quarter. The line shop space vacancy rate is 13.2 percent, down from 14.6 percent the previous quarter.

There were only 31,620 SF of space vacated during the quarter. Interestingly, the two largest tenants vacating their spaces were both bicycle shops: Reno Cycling & Fitness with 6,000 SF and Peloton Bicycles with 3,000 SF.

Retail investment sales continue at a healthy clip in Reno/Sparks with numerous transactions in the third quarter. Two of the more notable transactions include the sale of Whole Foods, Sierra Trading Post and Pier 1 buildings in the Del Monte Plaza to Kimco for approximately \$24.1 million or \$291.21/SF. The other sale was the Kohl's building in northwest Reno that sold for \$9.35 million or \$99/SF.

SOUTHERN NEVADA

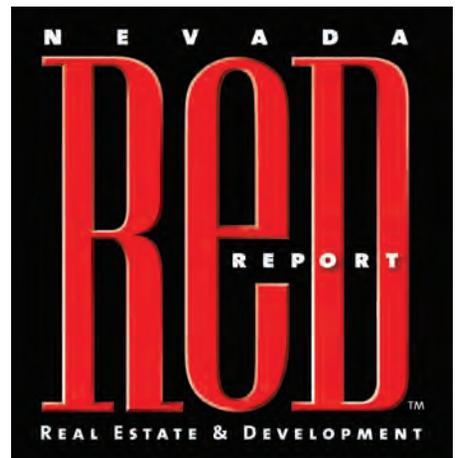
By Logic Commercial Real Estate

The greater Las Vegas Valley consists of approximately 60.3 million SF of retail space. As the market improves, the current vacancy rate is 9.2 percent, which represents a drop by about 20 basis points from last quarter, mainly driven by community centers, while neighborhood centers experienced a vacancy increase of 60 basis points.

The average lease rate is approximately \$1.34/SF, triple net. During the third quarter of 2017, Sportsman's Warehouse relocated to 42,000 SF space in Sunmark Plaza, LVAC occupied 90,000 SF space in Union Village and At Home and Seafood City leased 92,000 SF in the K-Mart Center in Eastern Commons.

The current average sale price is about \$180 PSF while cap rates are at 6.75 percent. The most recent notable transactions include Montecito Marketplace which sold at \$63.5 million, or \$334 PSF, at a cap rate of 5.95 percent. In addition, Flamingo Grand Parkway is a portfolio that sold at \$16.6 million or \$254 PSF and a single tenant asset at Boca Park Marketplace traded at \$5 million or \$541 PSF.

There are approximately 300,000 SF of projects under construction as of December. As the economy continues to recover, there are many multi-family developments along the 215 Beltway and I-515 freeway which will contribute to demand for retail space in the foreseeable future. 



BC

Loan, Multi-Family

ADDRESS 1307 Darlene Way, 891 Del Sol Dr. & 874 Del Rey Dr., 89005

LOAN OFFICER Ory Schwartz of NorthMarq Capital

DETAILS NorthMarq Capital arranged acquisition financing of \$6,036,000 for three multi-family properties in Boulder City. The transaction was structured with a 10-year term on a 30-year amortization schedule.

E

Sale, Office

ADDRESS 723 S. 3rd St., 89101

BUYER BLV Holdings, LLC

SELLER Summerlin LV, LLC

DETAILS 11,272 SF; \$1,025,000

APN 139-34-410-114

SELLER'S REP Bob Hawkins and Geoffrey West of Cushman & Wakefield

Sale, Multi-Family

ADDRESS 3240 N. Las Vegas Blvd., 89115

BUYER All Pro Cheyenne Pointe, LLP

SELLER Choice 3D, LLC

DETAILS 204 units; \$85,500 per unit

APN 140-18-102-025

REP (BOTH) Patrick Sauter and Art Carll-Tangora of Sauter Multifamily Group NAI Vegas

Sale, Land

ADDRESS SWC Nellis Blvd. & Geist Ave., 89115

BUYER Alternative Medicine Association LC

SELLER Millis Nellis, LLC

DETAILS 1.39 acres; \$432,000

APN 140-17-611-011

BUYER'S REP Kevin Higgins of CBRE

SELLER'S REP Ben Millis, SIOR and Dave Wrzesinski of Newmark Knight Frank

Sale, Land

ADDRESS 2980 Lincoln Rd., 89115

BUYER Tortilla Inc.

SELLER Far East Aluminum Works Corp.

DETAILS 1.95 acres; \$1,150,000

APN 140-18-602-001

BUYER'S REP Sean Zaher of CBRE

SELLER'S REP The Larkin Group of NAI Vegas

H

Sale, Office

ADDRESS 2370 Corporate Cir. Plaza Bldgs 8, 9 & 10, 89074

BUYER JMA Ventures (Bldg. 8); Strategic Office Partners (Bldgs. 9 & 10)

SELLER American Nevada Company

DETAILS 54,365 SF; \$13,150,000 (8); 118,104 SF; \$23.9 million (Bldgs. 9 & 10)

APN 178-19-511-044

SELLER'S REP Rick Reeder and Brad Tecca of Cushman & Wakefield's Capital Markets

Lease, Office

ADDRESS 2651 N. Green Valley Pkwy. Ste. 102D, 89014

TENANT Catapult Fundraising

LANDLORD 2625 GC, LLC

DETAILS 6,580 SF; \$381,500 for 5 years

TENANT'S REP Buzz Horden of Vegas Commercial Real Estate

LANDLORD'S REP Barton Hyde and Scott Donaghe of Avison Young

N

Sale, Multi-Family

ADDRESS 1525 Pinto Ln., 89106

BUYER Revive Apartments, LLC

SELLER Pinto Lane, LLC

DETAILS 46 units; \$60,987 per unit

APN 139-33-305-021

BUYER'S REP Devin Lee, CCIM and James Hahn, CCIM of Northcap Multifamily

NW

Sale, Retail

ADDRESS 6595 Smoke Ranch Rd., 89108

BUYER Baranyi Nancy Trust

SELLER Long Beach Naz, LLC

DETAILS 10,000 SF; \$1,256,000

APN 138-23-110-034

SELLER'S REP Dustin R. Alvino of Marcus & Millichap

S

Sale, Office

ADDRESS 3555 Pecos-McLeod Interconnect, 89121

BUYER Alex Gold Holdings, LLC

SELLER Cambeiro Trust

DETAILS 7,146 SF; \$605,000

APN 162-13-605-002

BUYER'S REP Mark Musser of NAI Las Vegas

SELLER'S REP Marc Magliarditi, CCIM of Logic Commercial Real Estate

Sale, Office

ADDRESS 9070 W. Cheyenne Ave., 89123

BUYER Kerry Holt

SELLER PCB Pensivy, LLC

DETAILS 10,000 SF; \$2,750,000

APN 138-08-417-006

BUYER'S REP Lisa Hauger and Timothy Erickson of Sun Commercial Real Estate

SELLER'S REP Ryan McCullough and Tina D. Taylor of Marcus & Millichap

Sale, Industrial

ADDRESS 6847 S. Eastern Ave., 89119

BUYER Clifford G. & Louise J. Kohler Family Trust

The Architecture of *Desire*



YWS Design & Architecture

ywsinternational.com
Las Vegas | Singapore

SELLER Nagala Family Limited Partnership
DETAILS 9,556 SF; \$1,366,508
APN 177-02-614-055
SELLER'S REP Art Farmanali of Cushman & Wakefield

Sale, Multi-Family

ADDRESS 1225 E. Hacienda Ave., 89119
BUYER Kanawati Group
SELLER Alpha Wave Investors
DETAILS 44 units; \$772,159 per unit
APN 162-26-312-001
REP (BOTH) Thomas Olivetti of Colliers International



Sale, Office

ADDRESS 6950 S. Cimarron Rd., 89113
BUYER LV Medical, LLC
SELLER New Haven Development, LLC
DETAILS 21,506 SF; \$3,548,490
APN 176-04-711-026
SELLER'S REP Mike Young and David Livingston of IREPLV

Sale, Office

ADDRESS 8880 W. Sunset Rd., 89148
BUYER Las Vegas Professional Center
SELLER CC Building I, LLC
DETAILS 47,500 SF; \$15,325,000
APN 163-32-810-002
SELLER'S REP Kevin Buckley of First Real Estate Companies

Sale, Office

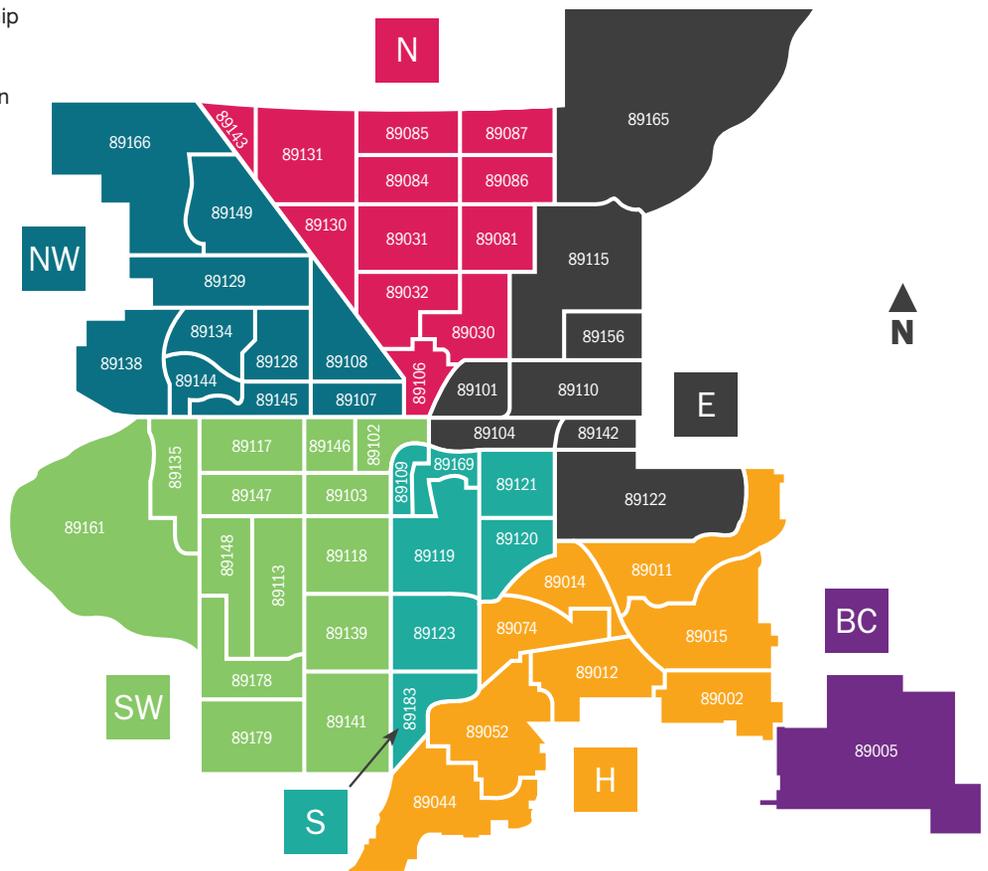
ADDRESS 9330 W. Martin Ave., 89148
BUYER Millis Properties, LLC
SELLER Joseph & Geraldine Dehorty Living Trust
DETAILS 8,705 SF; \$1,415,000
APN 176-05-115-002
BUYER'S REP Ben Millis, SIOR and Dave Wrzesinski of Newmark Knight Frank
SELLER'S REP Tina Taylor and Ryan McCullough Marcus & Millichap

Sale, Land

ADDRESS NEC of Jones Blvd. & Roy Horn Way, 89118
BUYER NV LAS DEC, LLC
SELLER Zotian Takouhi
DETAILS 2.5 acres; \$3.5 million
APN 176-01-201-008
BUYER'S REP Brian Fike of Colliers International

Lease, Retail

ADDRESS 3555 S. Fort Apache Rd., 89147
TENANT 9 Rounds
LANDLORD Monterey Vista Village Shopping Center, LLC
DETAILS 7,966 SF; \$253,008 for 126 months
TENANT'S REP Cory Argubright of Dunbar Commercial
LANDLORD'S REP Liz Clare, CCIM and Jacqueline Young of Avison Young



Sale, Mixed-Use

ADDRESS 205 S. Sierra St., 89501
BUYER The Grupe Company
SELLER 205 S Sierra, LLC
DETAILS 75,845 SF; \$5.1 million
APN 011-163-04
BUYER'S REP Trevor Richardson of Dickson Commercial Group

Sale, Office

ADDRESS 449 S. Virginia St., 89501
BUYER 1015ALB, LLC
SELLER FAO Holdings, LLC
DETAILS 23,266 SF; \$3,075,000
APN 011-183-06

Sale, Retail

ADDRESS 1245 S. Wells Ave., 89502
BUYER Broadway & Wells, LLC
SELLER Tall-Pine Co. LTD The Trust
DETAILS 8,252 SF; \$764,000
APN 014-072-18

Sale, Industrial

ADDRESS 640 Orrcrest Dr., 89506
BUYER CGLRR Trust
SELLER Orrcrest Industrial Park, LLC
DETAILS 11,700 SF; \$1,060,000

APN 003-084-35
BUYER'S REP Lindy Deller and Tom Fennel, CCIM of Dickson Commercial Group

Sale, Industrial

ADDRESS 9460 N. Virginia St., 89506
BUYER LBA Realty
SELLER CP Logistics NVCC Building A2
DETAILS 423,001 SF; \$29.5 million
APN 570-200-05
SELLER'S REP Mike Nevis and Dave Simonsen of Kidder Mathews

Sale, Industrial

ADDRESS 601 E. 4th St., 89512
BUYER EMR Land Company, LLC
SELLER Christine Scharff Family Trust
DETAILS 62,903 SF; \$3.8 million
APN 008-242-05
BUYER'S REP Travis Hansen, CCIM of Dickson Commercial Group
SELLER'S REP Tom Fennel, CCIM & Chris Shanks, CCIM of Dickson Commercial Group

Sale, Industrial

ADDRESS 608 E. 5th St., 89512
BUYER EMR Land Company, LLC
SELLER Kevin D. Higgins
DETAILS 9,940 SF; \$1,550,000
APN 008-242-01

The “second” estimate for U.S. real gross domestic product (GDP) for the third quarter of 2017 posted the strongest growth in three years, expanding at a 3.3 percent annualized rate. The upward revision of 0.3 percent from the first estimate of 3.0 percent reflected stronger-than-expected business investment, especially inventories. A smaller loss in state and local government spending also contributed to the upward revision. U.S. nonfarm employment exhibited a larger-than-expected gain by adding 228,000 jobs in November. October retail sales continued a robust pattern of year-over-year growth, up by 4.6 percent, probably reflecting growing consumer confidence. October housing starts fell by 2.9 percent compared to a year ago due to a yearly loss in multi-family units, while seasonally adjusted housing prices in the U.S. continued to rise.

Nevada posted generally positive signals in economic activity based on the most recent data. Seasonally adjusted statewide employment added 2,800 new jobs in October. The unemployment rate, however, edged up to 5.0 percent. Taxable sales in September rose by 4.0 percent year-over-year, and gasoline sales (in gallons) also were up by 2.2 percent during the same period. October gaming revenue experienced a weak 0.3 percent gain year-over-year.

For Clark County, somewhat mixed signals emerged with the latest data. Seasonally adjusted employment added 2,600 jobs from September to October. October visitor volume for Clark County continued its year-over-year contraction, down by 3.9 percent largely due to trip cancellations and postponements caused by the tragedy of the October shooting, while total McCarran Airport passengers climbed by 1.4 percent. October gaming revenue also decreased slightly by 0.3 percent compared to last year as a result of a large 6.1 percent dip on the Las Vegas Strip. Clark County taxable sales and gasoline sales for September grew by 2.2 and 2.3 percent, respectively, from a year ago. June residential housing permits gained 11.0 percent year-over-year.

Washoe County also experienced favorable signals in economic activity. The Reno-Sparks seasonally adjusted employment added 200 jobs and rose by 1.5 percent from last year. September taxable sales for Washoe and Storey Counties increased by 12.7 percent year-over-year. October gaming revenue and visitor volume experienced gains, up by 3.3 and 6.1 percent, respectively, from a year ago. Total air passengers also gained 10.5 percent during the same period. Residential housing permits in September decreased by 4.6 percent from last year. September commercial permits declined by three units compared to last year.

Stephen M. Miller, Director
Jinju Lee, Economic Analyst
 UNLV Center for Business
 and Economic Research

The views expressed are those of the authors and do not necessarily represent those of the University of Nevada, Las Vegas or the Nevada System of Higher Education.

NEVADA

	DATE	UNITS	DATA			GROWTH		COMMENTS
			LATEST	PREVIOUS	YEAR AGO	RECENT	YEAR AGO	
Employment	2017M10	000s, SA	1351.9	1349.1	1315.3	0.2%	2.8%	Up Over Year Ago
Unemployment Rate*	2017M10	%, SA	5.0	4.9	5.3	0.1%	-0.3%	Recent Increase
Taxable Sales	2017M09	\$billion	4.949	4.774	4.759	3.7%	4.0%	Up Over Year Ago
Gaming Revenue	2017M10	\$million	988.74	979.86	986.08	0.9%	0.3%	Up Over Year Ago
Passengers	2017M10	million persons	4.707	4.446	4.620	5.9%	1.9%	Up Over Year Ago
Gasoline Sales	2017M09	million gallons	102.58	111.38	100.40	-7.9%	2.2%	Up Over Year Ago

CLARK COUNTY

Employment	2017M10	000s, SA	985.3	982.7	961.1	0.3%	2.5%	Up Over Year Ago
Unemployment Rate*	2017M10	%, Smoothed SA	5.2	5.2	5.4	0.0%	-0.2%	Flat Month-Over-Month
Taxable Sales	2017M09	\$billion	3.540	3.384	3.463	4.6%	2.2%	Up Over Year Ago
Gaming Revenue	2017M10	\$million	854.29	831.71	856.93	2.7%	-0.3%	Down From Year Ago
Residential Permits	2017M06	units permitted	1399	1177	1260	18.9%	11.0%	Strong Increase
Commercial Permits	2017M02	permits	29	32	43	-9.4%	-32.6%	Low and Volatile
Passengers	2017M10	million persons	4.339	4.071	4.278	6.6%	1.4%	Up Over Year Ago
Gasoline Sales	2017M09	million gallons	69.68	74.84	68.11	-6.9%	2.3%	Up Over Year Ago
Visitor Volume	2017M10	million persons	3.896	3.830	4.054	1.7%	-3.9%	Down From Year Ago

WASHOE COUNTY

Employment **	2017M10	000s, SA	228.2	228.0	224.9	0.1%	1.5%	Up Over Year Ago
Unemployment Rate*	2017M10	%, Smoothed SA	4.3	4.2	4.7	0.1%	-0.4%	Recent Increase
Taxable Sales	2017M09	\$billion	0.869	0.852	0.771	1.9%	12.7%	Up Over Year Ago
Gaming Revenue	2017M10	\$million	71.84	80.04	69.57	-10.3%	3.3%	Up Over Year Ago
Residential Permits	2017M09	units permitted	271	461	284	-41.2%	-4.6%	Down From Year Ago
Commercial Permits	2017M09	permits	22	37	25	-40.5%	-12.0%	Low and Volatile
Passengers	2017M10	million persons	0.336	0.345	0.304	-2.6%	10.5%	Up Over Year Ago
Gasoline Sales	2017M09	million gallons	15.39	16.91	15.26	-9.0%	0.9%	Up Over Year Ago
Visitor Volume	2017M10	million persons	0.429	0.493	0.404	-12.9%	6.1%	Up Over Year Ago

UNITED STATES

Employment	2017M11	million, SA	147.241	147.013	145.170	0.2%	1.4%	Up Over Year Ago
Unemployment Rate	2017M11	%, SA	4.1	4.1	4.6	0.0%	-0.5%	Flat Month-Over-Month
Consumer Price Index	2017M10	82-84=100, SA	246.6	246.4	241.7	0.1%	2.0%	Up Over Year Ago
Core CPI	2017M10	82-84=100, SA	253.4	252.9	249.0	0.2%	1.8%	Up Over Year Ago
Employment Cost Index	2017Q3	05.12=100, SA	129.9	129.0	126.6	0.7%	2.6%	Up Over Year Ago
Productivity Index	2017Q3	2009=100, SA	108.8	107.9	107.2	0.9%	1.5%	Up Over Year Ago
Retail Sales Growth	2017M10	\$billion, SA	486.6	485.4	465.4	0.2%	4.6%	Up Over Year Ago
Auto and Truck Sales	2017M11	million, SA	17.35	18.01	17.56	-3.7%	-1.2%	Down From Year Ago
Housing Starts	2017M10	million, SA	1.290	1.135	1.328	13.7%	-2.9%	Down From Year Ago
Real GDP Growth***	2017Q3	2009\$billion, SA	17169.7	17031.1	16778.1	3.3%	2.3%	Strong Growth
U.S. Dollar	2017M11	97.01=100	120.504	120.050	125.581	0.4%	-4.0%	Down From Year Ago
Trade Balance	2017M10	\$billion, SA	-48.731	-44.890	-43.069	8.6%	13.1%	Year-Over-Year Deficit Increase
S and P 500	2017M11	monthly close	2647.58	2575.26	2198.81	2.8%	20.4%	Up Strongly From Year Ago
Real Short-term Rates*	2017M11	%, NSA	-1.27	-1.33	-1.95	0.1%	0.7%	Increased
Treasury Yield Spread	2017M11	%, NSA	1.12	1.29	1.69	-0.2%	-0.6%	Narrowed

*Growth data represent change in the percentage rate, **Reflects the Reno-Sparks MSA which includes Washoe and Storey Counties, ***Recent growth is an annualized rate

Sources: Nevada Department of Taxation; Nevada Department of Employment, Training, and Rehabilitation; UNR Bureau of Business and Economic Research; UNLV Center for Business and Economic Research; McCarran International Airport; Reno/Tahoe International Airport; Las Vegas Convention and Visitors Authority; Reno-Sparks Convention and Visitors Authority; U.S. Department of Commerce; U.S. Bureau of Labor Statistics; U.S. Census Bureau; U.S. Federal Reserve System.

Note: NSA = Not Seasonally Adjusted, SA = Seasonally Adjusted

“To share the lessons of hope, resilience, and renewal I saw time and again in hard hit Nevada communities in 2017 with all communities around the state in 2018.”

Caleb S. Cage | Chief, Nevada Division of Emergency Management

“Professionally I’m excited to watch Nevada continue to grow in 2018 and look forward to counting the construction cranes. Personally I’m most excited to walk my daughter to her first day of kindergarten.”

Ryan Calahan | Principal, FEA Consulting

“I want to educate more young professionals and new college graduates about the logistics industry, and let them know that this is an awesome profession and can be a lucrative career if they are ready to work hard. Logistics is really exploding in Nevada right now! And personally, I’d like to take my family and get over to New Zealand.”

Mike Crawford | President of Freight Brokerage, ITS Logistics



What is on your “bucket list” to accomplish in 2018?



Yacob Girma | General Manager Lyft Las Vegas

“Professionally, I strive to reduce the number of DUI fatalities through Lyft safe rides partnerships. Personally, I would love to take my now 4-month old son, Semai, on his first international trip.”

Sean Dowdell | Founder and CEO Club Tattoo

“In 2018 I’d like to open two new Club Tattoo locations in the U.S. and travel internationally to scout new locations, finish writing my second book on business branding, and spend quality time with my children.”

Janel Davis | Communications Officer Silver State Health Insurance Exchange

“I wish to hike Mt. Tallac under moonlight and catch the sunrise over the Grand Canyon. I also aspire to return to South America to immerse myself in the culture and master the Spanish language.”



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