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RETAIL REVOLUTION

Territory looks at Las Vegas, sees strength

Company building nearly \$111 million in local projects

BY TONY ILLIA

Territory Inc., a Las Vegas-based commercial real estate firm, is building nearly \$111 million in shopping centers this year in Southern Nevada. Despite the economic downturn, the 15-year-old firm remains bullish about the market. Territory has developed 14 retail complexes totaling more than 3 million square feet, including such standouts as Centennial Center, Southern Highlands Marketplace and Eastgate.

"All of our existing centers are stabilized and doing very well," Territory Chief Executive Officer Terri Sturm said. "If you have a sound project that is well located and well anchored, those centers are still doing business. We aren't seeing a lot of vacancies."

Territory hopes to expand upon its winning streak, with the second phase of its 350,000-square-foot Centennial Gateway development at Ann Road and U.S. Highway 95. The project is a joint venture with Schwartz Development and Olympia Group. The \$55.7 million phase two consists of four single-level buildings with anchor tenants Sportsman's Warehouse, 24-Hour Fitness and Fresh & Easy supermarket combining for 114,378 square feet. The project will finish in the fourth quarter.

"The Las Vegas Valley's anchored retail market continues to see relatively tight balance between supply and demand," said John Restrepo, principal of Restrepo Consulting Group, a local real estate research firm. "Despite significant additions of new space, we are still seeing low vacancies."

Territory is additionally building the \$17.5 million, 330,000-square-foot Cannery Corner at the northeast corner of Craig and Losee roads in North Las Vegas. The nine-building big-box center is co-anchored by Sam's Club and Lowe's. Other announced tenants include Winchell's Tavern, Community Bank of

Nevada, T-Mobile, and Chipotle, among others. Cannery Corner is scheduled to open this summer.

Then there's the \$37.5 million, 175,000-square-foot Commerce Commons at the southeast corner of Commerce Street and Centennial Parkway in North Las Vegas. The 17.27-acre retail complex, developed with Epstein Land, will feature a 10,000-square-foot Fresh & Easy supermarket. The initial phase, consisting of five buildings, is scheduled to open this summer. It will be followed by another five-building phase with a national chain health club. Commerce Commons will reach completion by fall 2009.

"We have another 100 to 150 acres throughout the valley that has yet to be developed," Sturm said. "We haven't decided what to do with it yet."

Territory's properties are distinguished by their strategic locations, often next to high traffic highways, freeways and intersections.

Territory owns everything it builds and also handles

all of its own leasing and property management. Their turnkey approach ensures that the center maintains its value for years to come.

"There is a different frame of mind when you come from the landlord's perspective," Sturm said. "We hold all of our centers for the long term, so quality is important. It's important for us have the right mix of tenants as opposed to just filling space. We want our tenants to feel that's a long-term relationship."

Territory has made several long-term relationships, with much of its leasing activity coming from repeat tenants. The developer additionally has a longtime relationship with Garry Goett's Olympia Group, which often rides shotgun on its projects as joint-venture partner.

"They have done a great job acquiring the right land, and taking good commercial locations and letting the land sell itself," Sturm said. "They understand the income potential when you build a long-term, cash-flow type of property."

Territory has two tentative projects planned for Olympia's 2,675-acre, 15,750-home Park Highlands master-planned development in North Las Vegas. Park Highlands Marketplace

will be a 200,000-square-foot grocery-anchored complex at Dectaur Boulevard and Grand Teton Drive that will break ground next year. Park Highlands Town Center will be a 50-acre, 800,000-square-foot mixed-use project at Revere Drive and the Las Vegas Beltway that won't start construction until 2010.

"We have a lot of repeat business," Sturm said. "We have a reputation as a landlord and developer that delivers fair deals and maintains strong relationships. It all goes back to the long-term perspective."

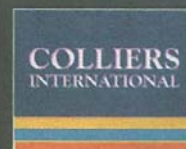
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