

Sands raises condo ante

High-rise could be most expensive Strip residences

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Las Vegas Sands Corp. said Tuesday its 300-unit condominium tower being built next to the Palazzo could lay claim as the Strip's most expensive residential offerings.

In a filing with the U.S. Securities and Exchange Commission Tuesday detailing the company's recently announced \$5 billion credit facility that will fund its domestic development projects, Las Vegas Sands said it expects to begin pre-selling the condominiums by September.

Construction on the 632-foot high-rise tower near the Strip entrance to the \$1.6 billion Palazzo has already begun. The Palazzo, a 3,000-room hotel-casino addition to the company's 4,000-room Venetian, is expected to open by the end of the year.

The condo tower will sit atop a 90,000 square-foot building that will house Barneys, a New York-based high-end men's and women's apparel store that will be part of the Palazzo's retail development.

In its filing, Las Vegas Sands said it would spend \$465 million to build the condominium tower, but expects to offer 970,000 square feet for residential sales. The company did not describe the sizes and configurations of the condominium units.

However, Las Vegas Sands said the residences are expected to sell for between \$1,500 and \$2,000 a square foot.

As a return on its investment, the company expects to generate potential gross revenues of between \$1.45 billion and \$1.94 billion in sales.

Bear Stearns gaming analyst Joe Greff told investors the projected sales prices exceeded both his initial estimates and guidance the company previously provided to Wall Street.

The prices could eclipse the price per square foot being collected in sales at other under-construction or announced Strip residential high-rises.

MGM Mirage's \$7 billion Project CityCenter has 2,700 residences in four residential developments, all of which have varied price per square foot ranges.

In February, MGM Mirage said the 200 condominium units atop the planned Mandarin Oriental Las Vegas were selling for an average of \$1,584 per square foot. On Tuesday, a company spokeswoman said the units were now averaging between \$1,600 and \$2,800 a square foot.

The Veer Towers -- twin 37-story condominium high-rises with 674 units -- is CityCenter's only pure strictly residential development and is expected to attract sales prices of \$880 to \$1,500 per square foot.

The Vdara Condo Hotel has price ranges between \$1,100 and \$1,400 per square foot.

Initial sales recording on the \$1.5 billion Trump International Hotel and Tower from the first 1,282-unit building averaged close to \$1,250 per square foot, but increased to \$1,350 a square foot as the project neared a sell out, said Jack Christie, vice president of sales and marketing for the Trump International.

Reservations are being accepted for the second 1,282-unit Trump Tower, and Christie expects buyers to pay between \$1,400 and \$1,500 a square foot for the hotel-condo units.

"One of the things you need to remember is that there can a big difference when you're comparing condo-hotel and pure condominium sales," Christie said. Condo-hotel units double as residences and hotel rooms that generate revenues for the owners. The Las Vegas Sands condominium tower is residential only.

Sales of other condominium projects not attached to a major casino operator, such as Sky Las Vegas, Allure, Panorama, One Las Vegas and Turnberry Towers, average between \$500 and \$700 a square foot, said Brian Gordon, a partner in Applied Analysis, a Las Vegas-based financial consulting firm.

In addition to the condominium development, Las Vegas Sands revealed it would spend more than \$3.6 billion on domestic development projects, which includes the cost of Palazzo.

The Palazzo's 300,000-square-foot retail mall will cost \$508 million and an expansion to the Sands Expo and Convention Center, to be built across Koval Lane from the existing 1.1 million square-foot facility, will cost \$287 million.

Las Vegas Sands also spent \$114 million to refurbish the 3,000 guest rooms in The Venetian's original tower and another \$40 million to upgrade the Venezia tower's 14th floor.

The company plans to spend \$637 million on Sands Bethworks, its planned casino and entertainment facility on the site of the former Bethlehem Steel factory in Bethlehem, Pa.



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