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Construction set to begin in September on stalled Manhattan West project

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It's been a visible reminder of the recession's devastating impact on the building industry in Las Vegas, but the new owners of the stalled Manhattan West project are prepared to resume construction in September on the partially finished project.

The Krausz Cos. Inc. spent \$20 million in June to acquire the 20-acre project and plans to spend about \$30 million to complete the development, which has been renamed The Gramercy.

The project, which consists of retail, office and residential on Russell Road just west of the Las Vegas Beltway, is being developed by Krausz of Irvine, Calif., and Las Vegas-based WGH Partners.

"We are ready to start today," Benjamin Garfinkle, principal with WGH Partners, said Monday. "We are just finalizing all the (construction) details and budgets."

The project, which has sat unfinished behind a wire fence since January 2009, has two four-story Class A office buildings, two four-story residential buildings and a nine-story residential building. It also has ground-floor retail.

Construction to complete the two 100,000-square-foot office buildings and the midrise residences is scheduled to begin in September, and occupancy is set for May.

Garfinkle said two well-known Las Vegas-based companies have expressed an interest in leasing 45,000 square feet, along with 65,000 square feet of office space, at The Gramercy. He declined to identify either.

"All I can say is that we have a very large tenant with lease in hand," he said. "We already have strong interest from potential tenants and are expediting our development schedule to accommodate them."

Garfinkle attributed interest in The Gramercy to there being "very little large contiguous Class A office space in the market."

He said that for companies looking for 30,000 square feet to 40,000 square feet, “there is a big hole in the market that gets narrowed down really quickly” as companies look for smaller sizes of upscale office space.

At the end of the first quarter, there were 65 Class A buildings in the Las Vegas market, which includes all of Clark County, totaling 5.61 million square feet of space, according to a CB Richard Ellis report. As of March 31, the Class A vacancy rate in Las Vegas was 29.4 percent.

The report also found Class A asking rents at \$29.65 per-square-foot gross.

Garfinkle said The Gramercy includes entitlements for an additional 500,000 square feet of residential and commercial space. Once completed, the project will have a gym, wine and coffee shops, a weekly farmers market and space for food trucks, he said.

Garfinkle and his business partner, Ofir Hagay, are no strangers to completing troubled developments.

In June 2012, they spent \$3.1 million on a pair of unfinished two-story office buildings and by February had completed the development. Keller Williams Realty and Fidelity National Title anchor the Red Rock Business Center at 6140 and 6180 Brent Thurman Way.

Garfinkle said there were “half a dozen prospective tenants” looking to possibly lock up space at the 75,000-square-foot development.