

Nevada Power Builds Out New Operations Center

By **Brian K. Miller**

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LAS VEGAS — Nevada Power Co. will consolidate two existing southern operations centers into a new 288,000-sf building at Beltway Business Park this fall. Prior to occupancy, the subsidiary of publicly traded Sierra Pacific Resources of Reno will build out an additional 135,000 sf of mezzanine office space within the building, giving it more than 400,000 sf to use.

Located at 7155 Lindell Rd., the building is owned by Majestic Realty Co. Nevada Power signed a 20-year lease valued at \$79 million, according to an SEC filing, which averages out to \$1.13 per sf per month. The discount to market rate, which is closer to \$1.50 per sf, is due to the size of the lease and the fact that Nevada Power, given its lower cost of capital, leased the building in shell condition and is paying for its own tenant improvements, including the mezzanine office space.

The building sits on 16 acres. The lease includes an additional 16 acres for “operational use.” The cost of the mezzanine space and improvements to the adjacent land, which will include pavement and shade structures and screening walls, will total approximately \$50 million over the life of the lease, according to the SEC filing. The lease agreement includes renewal options.

The monthly lease rate for the first three months of the lease is \$125,000. It jumps to \$250,000 per



Beltway Business Park

month in the fourth month and remains there through the first two years of the lease. The lease rate then increases by 6% every 24 months through the end of the 240-month lease term. The monthly lease rate for the final two years of the lease is \$422,369, or \$1.46 per sf.

Beltway Business Park is a 400-acre development located along the southern leg of the Las Vegas Beltway, between Decatur and Jones Boulevard. The project is a joint venture of Majestic Realty, which is based in City of Industry, CA, and locally based Thomas & Mack Co. Slated for build-out in 2012, Beltway is expected to include six million sf in 55 buildings, including 3.2 million sf of industrial, and 2.8 million sf of office, technology and retail.



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