



**reviewjournal.com**

 **PRINT THIS**

 **Click to Print**

[SAVE THIS](#) | [EMAIL THIS](#) | [Close](#)

Jan. 12, 2006  
Copyright © Las Vegas Review-Journal

## **Cosmopolitan secures loan of \$415 million**

### **Financing called milestone for Strip project**

By [JENNIFER ROBISON](#)  
[REVIEW-JOURNAL](#)

A major mixed-use project on the Strip has received a big financial boost.

Ian Bruce Eichner, developer of the \$2 billion Cosmopolitan Resort & Casino south of Bellagio on the Strip, said Wednesday that Deutsche Bank has loaned \$415 million in construction financing to the project.

The money will allow Eichner to develop the Cosmopolitan's underground elements, which include a 3,900-space parking garage.

Eichner said the Cosmopolitan's financing came through based on three factors: the project's sales, a construction agreement with a big builder and a marketing relationship with Hyatt.

Buyer reservations on condominiums at the Cosmopolitan began a year ago; the property's managers began converting those reservations to hard sales in April. Consumers have snapped up about 1,600 of the development's 2,000 condominiums at prices ranging from \$400,000 to \$1.7 million, for a total sales volume of more than \$1.2 billion, Eichner said.

And unlike many proposed local condominium projects, the Cosmopolitan has a contractor. Perini Building Co., a construction giant with substantial experience on the Strip, has undertaken site work, such as setting up construction trailers and signage, and the company has issued a guaranteed-maximum-price contract for the project's underground portion. That pricing agreement will help the Cosmopolitan avoid the big jumps in construction costs that have brought down plans for other local high-rises.

Finally, Grand Hyatt -- which Eichner said has access to a 6 million-customer database -- will manage the Cosmopolitan's condominium-rental program and 1,000 hotel rooms at the property. Eichner said Hyatt is also contributing \$50 million to the construction of the Cosmopolitan.

"We really aimed at trying to address what I'm going to call the down side," Eichner said. "That was the purpose of the (condominium) sales -- to deal with the issue of cost and not having an overly large loan you

have to worry about servicing. And the whole concept of having Hyatt is having a reservation system to leverage existing capacity so you're not trying to build something from scratch."

Local real estate and gaming analysts said the construction loan is a positive milestone for the Cosmopolitan.

"You've got a lot of great names combined there," said David Atwell of Resort Properties of America, the real estate brokerage that handled land deals for the Hawaiian Marketplace and Polo Towers across the Strip from the Cosmopolitan. "With a guy of Eichner's caliber behind it, and now Deutsche Bank, I would say it's a for-sure success."

Brian Gordon, who covers gaming for local research consultant Applied Analysis, said the financing demonstrates that lenders continue to find bright spots in Las Vegas development.

"(Deutsche Bank's backing) is pretty impactful, particularly when we talk about concerns hanging over the condominium market in Southern Nevada," Gordon said. "This shows that the market remains relatively healthy, especially for those projects with strong brand identities, superior locations and experienced development teams. The financing of projects of this magnitude by well-known institutions demonstrates (banks') support of the condominium market, as well as Las Vegas as a destination."

The Cosmopolitan has moved forward despite the resignation last month of President David Friedman, a former Las Vegas Sands executive who acquired the land for the project and brought in Eichner and Hyatt.

Friedman could not be reached for comment Wednesday, but Eichner said Friedman has merely yielded his day-to-day role as president, while continuing to hold a financial interest in the project.

Even as Deutsche Bank's funds came through, Eichner was plotting future development at the Cosmopolitan once its underground portion is complete.

Eichner said that he has hired Ron Thacker, a 30-year gaming veteran who has worked for the Flamingo and Casino Windsor, to spearhead operation of the Cosmopolitan's planned 75,000-square-foot casino.

Eichner said he's also negotiating with several retailers and restaurateurs to take space in the project's 275,000-square-foot shopping center. He said he'll begin announcing tenants within the next three months.

The development will also have 150,000 square feet of meeting space.

In the next 30 days, Perini will obtain permits to begin major excavation on the parcel. In the third quarter, Eichner said, steel will rise above the ground. In coming weeks, he'll begin marketing the priciest of his property's condos, which will range from 2,500 square feet to 6,000 square feet and have asking prices of as much as \$5 million. And at the end of 2006, Eichner plans to seek \$1.4 billion more in financing from Deutsche Bank. He said he expects his request for additional funds to be greeted well.

"The project speaks for itself given the status of its sales," Eichner said. "If you have a project with an overall cost of slightly under \$2 billion, and you have a projected sellout of \$1.7 billion, that leaves a relatively low level of debt for the combination of retail, casino and hotel. There's a lot of collateral and little debt. That puts the project in a completely different light for any lender."

Eichner said the Cosmopolitan's first phase, including 1,000 units, the retail space, casino and an 1,800-seat theater, should open around Sept. 1, 2008. The rest of the condominiums and hotel rooms should come on line by April 1, 2009.

**Find this article at:**

[http://www.reviewjournal.com/lvrj\\_home/2006/Jan-12-Thu-2006/business/5318511.html](http://www.reviewjournal.com/lvrj_home/2006/Jan-12-Thu-2006/business/5318511.html)

 **Click to Print**

[SAVE THIS](#) | [EMAIL THIS](#) | [Close](#)

Check the box to include the list of links referenced in the article.

Instantly book  
tee-times at your  
favorite golf  
courses in the  
greater Las Vegas  
metro area.  
**NO BOOKING FEES!**