

THERE'S
ANOTHER
SIN CITY
EMERGING.
AND IT
FEELS LIKE
HOME.

THE OTHER SIDE OF VEGAS



PHOTOGRAPHY BY DAVE LAURIDSEN
BY JOE SCHOENMANN

DOUBLE DOWN
Fremont Street
is placing its
bet on glitz and
the café life.



MOST MORNINGS

Tony Hsieh walks to The Beat coffee shop at Sixth and Fremont in downtown Las Vegas as carefree as he strolls between his kitchen and living room. Hsieh's here this morning in the clothes he wears so often you might call them his uniform: blue jeans, black Asics, and a T-shirt affixed with a Zappos logo. Zappos is the online retailer of shoes, apparel, and a growing array of other items that Hsieh, the company's 40-year-old CEO, has turned into a multibillion-dollar juggernaut over the past decade.

Hsieh (pronounced *shay*) is meeting with Brent Bushnell, whose Los Angeles firm, Two Bit Circus, creates high-tech amusements like "Human Asteroids," a large-scale laser game in which the player—seated on a rolling stool and equipped with a souped-up smartphone—attempts to obliterate the barrage of asteroids being digitally projected on the floor around him.

Armed with some \$350 million of his own money plus that of some partners, Hsieh has vowed to boost entertainment, education, real estate, and startup tech businesses in one of the most forgotten urban zones in America. The money is already making a difference, at least for these first few blocks east of Fremont Street's intersection with Las Vegas Boulevard. Hsieh is taking Bushnell to the site of one of his new purchases and restoration projects: the once thriving but now shuttered Western Hotel and Casino. "Only six months ago, I wouldn't walk here at night," Hsieh tells Bush-



nell, smiling as he talks—which is saying a lot for someone who isn't known for sweeping emotional gestures and who was a stone-faced poker player in Vegas before he moved his company here. "We want to [create a safe environment] all the way down to Maryland Parkway."

But one company doesn't turn around an urban core by itself. Signs of community stability and vibrant economic and cultural diversity are beginning to appear in many places around Las Vegas—as a result of Hsieh's efforts and the town's gutsy recovery from the devastation of the Great Recession. The story of that recovery is told, in part, by the growing number of real estate transactions in the area. In 2011, 45 properties in



ACES HIGH
Zappos execs Fred Mossler and Tony Hsieh are bringing vitality—and a creature feature—back to Vegas' downtown.



PHOTOGRAPHY (MOSSLER/HSEIH) COURTESY OF ZAPPOS

downtown Las Vegas were sold for a combined \$29 million. That grew to 90 properties and \$155 million in 2012. And by the midway point of 2013, private investors had already purchased 50 more properties in the downtown corridor, for a total of \$114 million. Many of the buyers are out-of-staters seeking locales with a vibe that caters to Millennials—a crop of twenty- and thirtysomethings who've been described as identifying where they want to live before deciding what they'll do once they get there. Dan Palmeri, a commercial real estate broker, recently told the *Las Vegas Sun* that companies have historically avoided the gaming capital as a business destination because they didn't want "Las Vegas" in their

address. "It's that sin perception," he noted in the paper. Today, he can't find enough commercial real estate to meet the demand.

Philanthropist Patrick Duffy, president of the Las Vegas Art Museum and a member of the board of directors of The Smith Center for the Performing Arts—a \$470 million entertainment complex that opened just under two years ago in downtown—sees the area as leading the way in the city's exciting renaissance, a job formerly held by the electrifying Strip and its glittery, high-rolling hotels. "What I've been watching is the amount of positive energy—the 'I can, we will'—being generated here," Duffy says, sitting in The Beat a few weeks before Hsieh's conver-



TWO OF A KIND
At The Beat
and Park on
Fremont
(right), locals
find quality
chat and chew.

sation with Bushnell. At the bar with lattes and black coffees are a handful of artists; in a corner is a Downtown Project tour director. “And it’s rippling out to the rest of the community.”

Daniella Capitano sits across the tiny, round table from Duffy, nodding. She’s a relatively new Vegas transplant who’ll be opening American Vagabond, a women’s clothing boutique, in what’s known as the Downtown Container Park, just a block east of The Beat. Roughly a year under construction, the outdoor mall, which uses repurposed shipping containers for some of its storefronts, is easily identified by the 40-foot-tall, metallic-green praying mantis that stands near its main entrance, next to a geodesic dome that, among myriad other uses, will host talks, digital presentations, concerts, and movie screenings. Hsieh bought the insect, which shoots 12-foot flames from its antennae, from a Salt Lake City sculptor who created it for Burning Man, a festival held every year in the Black Rock Desert in Northern Nevada. (Hsieh is a regular Burning Man attendee.)

Container Park is one of the places Duffy thinks will have an air of secrecy and will occupy a corner of the map that tourists will be stunned to discover in Las Vegas. For that matter, such a



spectacularly peculiar retail undertaking would probably be a surprise in almost any city. “Visitors love that,” Duffy says, “to be the person in the know, to go back and tell their friends they discovered this real cool part of Las Vegas.”

WITH LEGALIZED GAMBLING, strip clubs galore, a historical tie to the mob, and its playfully winking “What happens in Vegas ...” marketing campaign, Las Vegas is, in the minds of most people, ground zero for a free-wheeling, bacchanalian lifestyle. But Nevada’s first settlers were Mormon, and, in many respects, it is a very conservative state. Brothels are legal and regulated in rural counties with populations under 400,000, but they aren’t legal in Las Vegas, where law enforcement spends untold tax dollars fighting prostitution.

If the state, on the whole, swings to the right, it’s a different story in downtown Las Vegas. Real estate agent Steve Franklin deals only in downtown properties. From his vantage point, he sees it as home to the most diverse population in the Las Vegas Valley. “It’s just a real good mix of people,” Franklin says. “Professors, casino workers, lawyers, blacks, whites, Hispanics—and very gay-friendly.”

To some, it’s no surprise that the Gay and Lesbian Community Center of Southern Nevada opened a brand-new, \$4 million facility downtown earlier this year. Its restaurant, Bronze Café, has become a hit. Gathered recently in one of the Center’s meeting rooms was a group responsible for one of the largest protests ever mounted against geneti-

cally modified organisms, or GMOs. The march, which drew thousands of people this past May, closed down a portion of the Strip for a few hours. Organizer Angie Morelli, who grew up here, sees the rise in local activism as a sign of Las Vegas' maturation. "If you want to be involved in [a cause] in Las Vegas, you're going to find a group that'll take you in and fight with you," she says.

In one regard, idiosyncratic Las Vegas is no different than other metropolises in the United States. In growing numbers, residents—many of them young—want to live in a city's urban core rather than its outskirts or suburbs. Just a year ago it was reported that, for the first time in almost 100 years, cities were growing faster than suburbs. During the housing boom of the mid-2000s, a handful of high-rises went up in Las Vegas, with developers hoping to cash in on a monied populace and the lure of urban living. But the recession hit, and those high-rises stayed mostly empty. Developers lost millions. Plans for similar towers went nowhere. Now, those buildings are almost filled to capacity. Talk abounds about the possibility of micro- and multiunit apartments in downtown. There is even speculation that one of the ages-old casinos in the Fremont Street Experience—the four-block stretch

covered by an electric canopy of digital imagery—will convert one of its towers into separate residential units.

Unlike other midsize American cities—such as Austin, whose South Congress Avenue is *the* place to get coffee, stroll among small shops, or enjoy a drink; or Madison, Wisconsin, where university students and city residents mingle on State Street, a stone's throw from the capitol—for many decades, Las Vegas hasn't had a core, a place for the meeting of minds or a fun destination away from the Strip. When I moved here more than a decade ago, finding people with interests that extended beyond gaming took all the ciphering of a knight in search of the Holy Grail. Gated communities governed by the strict



GOING ALL-IN
Container
Park anchors
the corner of
downtown's
in-the-works
outdoor mall.



codes of all-powerful homeowner associations aren't exactly conducive to making friends.

So it's stunning to hear young transplants talk about how much they love the place. Out of a group of more than a dozen University of Iowa students who spent their spring 2013 semester studying the renewal of downtown Las Vegas, almost every one of them told me

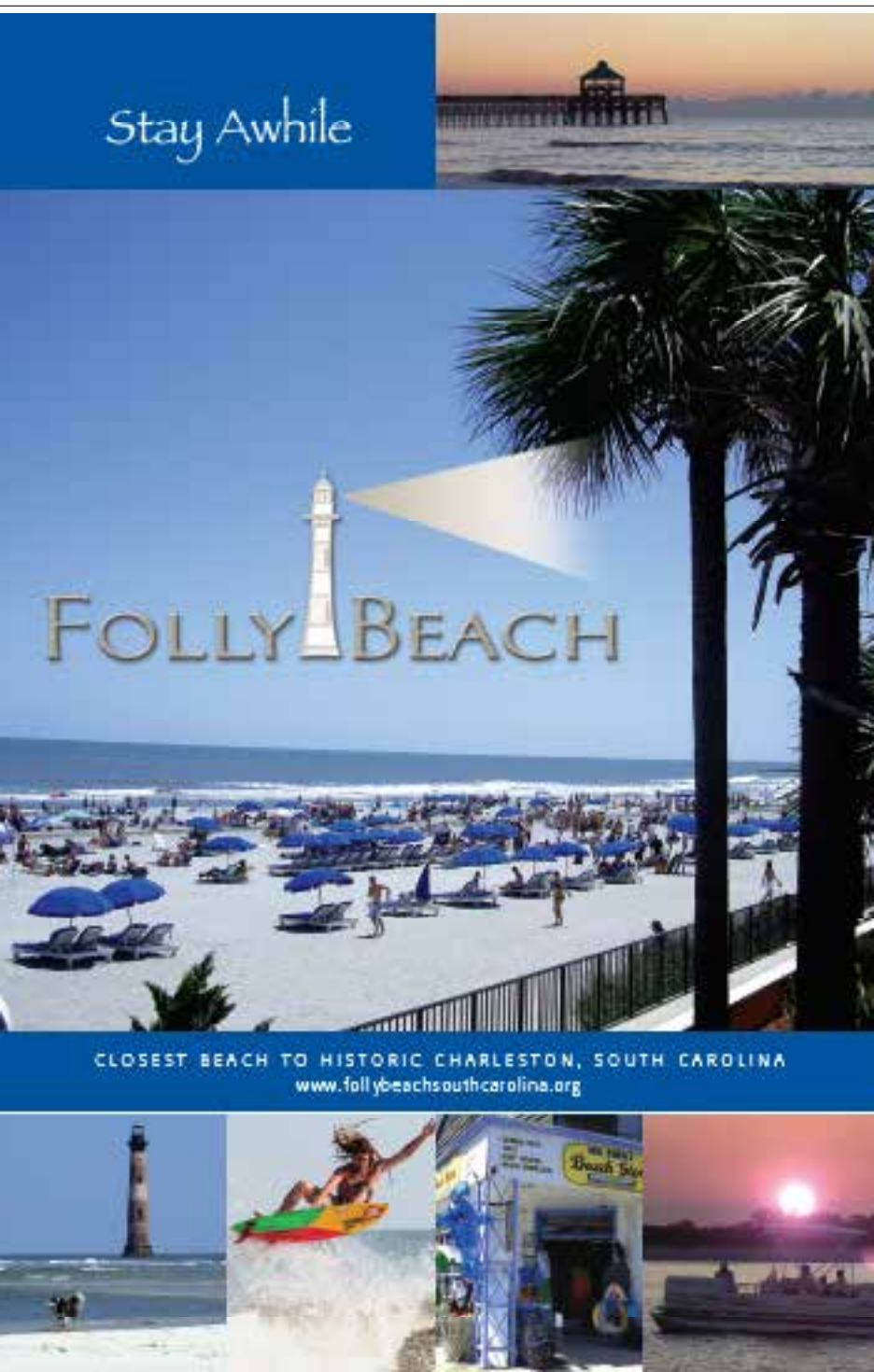
they could envision putting down roots here. Much of that feeling springs from the fact that when they stumble into downtown, there are now bars, an independent coffee shop, and the palpable energy of development on just about every corner. The search for like minds is less daunting these days and is sometimes as easy as rolling into The Beat.

If coffee isn't your thing, about a mile southwest of The Beat is the John S. Park neighborhood, one of the city's few designated historic districts. Some 70 years ago, the area's power brokers lived here. Local legend has it that Elvis would rest his weary head in a home on Fifth Place, one block east of Las Vegas Boulevard. Over the decades, the elite moved out, the homes plummeted in value, and the neighborhood fell into disrepair. Today it's an enclave on the rebound, considered desirable due to its proximity to downtown. Professors, lawyers, artists, and others live there. A new class of Vegas resident is moving in, too. Within the borders of John S. Park, techies (call them computer nerds or geeks—in today's

“LAS VEGAS HAS BEEN AND ALWAYS WILL BE THE CITY OF POSSIBILITIES,” SAYS ZAPPOS CEO TONY HSIEH, A DOWNTOWN VEGAS DEVOTEE.

social media-dominated world, that's flattery) have congregated in neighboring homes that are relatively inexpensive to rent. There they work on websites or smartphone apps, hoping their next brilliant idea becomes a widget that millions find they can't live without. Taken together, the houses are known as the Startup Block.

Shaun Swanson, 25, a Carnegie Mellon graduate with a degree in chemical engineering, lives in Startup Block with seven other entrepreneurs. He grew up in Las Vegas, moved away in '06, then returned five years later. Over the



CLOSEST BEACH TO HISTORIC CHARLESTON, SOUTH CAROLINA
www.follybeachsouthcarolina.org

last few months, he's been involved in an online crowdfunding campaign to save one of the city's oldest historic buildings, the Huntridge Theater. Stunning critics and even some supporters, the gambit worked, raising \$207,000 from 741 contributors—well beyond the original goal of \$150,000.

Without enormous community support, no one raises that kind

of money for something as ambitious yet uncertain as renovating a 69-year-old building. It's what strikes Swanson as so remarkable. That, and the fact that he actually lives in downtown Las Vegas. "Even when I turned 18, I never went downtown except to meet people at the Fremont Street Experience," he says, referring to the tourist draw. "It was pretty

sketchy everywhere else." Swanson has a theory about why "community" is becoming such a tangible force in his home city. "It's a backlash to having gone so long without [it], that sense of knowing and enjoying your neighbors," he says. "Now, everybody really, really wants it so bad; it's overcompensating in a really cool way. I'd even say that the brand of community happening here is unique."

And increasingly youth-oriented. In 2011, the Electric Daisy Carnival, a pulsating music festival geared to ravers, relocated from Los Angeles to Las Vegas. The three-day event at the Las Vegas Motor Speedway drew 230,000 partiers in its first year; this year it drew more than 300,000. That exploding audience for electronic dance music has spilled onto the Strip, where XS, the ground-floor club at Steve Wynn's Encore resort, draws an average of 7,000 people on a Saturday night and generates nightly grosses of up to a million dollars. Those numbers are so flattering they've bred imitation: Mandalay Bay has opened a club called Light, and the MGM Grand a pulsating fun palace called Hakkasan. Then there's the Life is Beautiful Festival, which, two months ago, used several blocks of downtown Las Vegas as a sprawling venue. Ticket holders drifted from a pop-up culinary village to an art zone and had access to numerous stages where more than 65 musical acts performed over two days. The festival is expected to become an annual event. At the very least, the inaugural Life is Beautiful was unprecedented—organizers put a fence around 15 blocks of the city.

Beautiful—it's a word rarely used by visitors in the retelling of their wild attempts to live up to Sin City's reputation. But for those of us who live here, the word



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works, well, beautifully, to describe the change happening in places it was never expected.

LIKE A TEENAGER seeking to break the bounds of youth, a city's maturation isn't without problems. As east Fremont Street has grown more popular to locals and tourists, Las Vegas Metropolitan Police literally have been trying to keep a lid on things. In the last few months, they've been doing what heretofore would have been unthinkable: ticketing people for walking the streets with open containers of alcohol.

Dizzying change is impacting real estate, too. The purchase of all that property by Hsieh's Downtown Project has driven up land values to the point where developers of high-density residential units worry they'll be priced out of the market. And that's a problem for several reasons. The demand for urban living is on

WHAT'S INTERESTING ABOUT LAS VEGAS' TURNABOUT IS THAT IT'S HAPPENING SO QUICKLY, ALMOST RIGHT BEFORE OUR EYES.

the rise in Vegas, as it is throughout the country. In September, the number of prospective residents rose dramatically when Zappos moved its 1,500 employees from the company's headquarters in Henderson, Nevada, to Vegas' old City Hall, which it rehabbed two blocks north of Fremont. Add to that the more than 800 employees of the soon-to-open Downtown Grand (formerly the Lady Luck casino), and you've got

a housing challenge of real proportions. And traffic from here to Reno.

Zappos' Zach Ware is head of a project to create a multimodal transportation system he hopes will encourage Las Vegasans to leave their cars at home. With a beta version of the system due to go online in 2014, the plan is to incorporate shareable electric cars, smaller electric carts, bicycles, and even helicopters for longer trips. The Regional Transportation Commission of Southern Nevada is on the case, too. It's looking into developing some form of mass transit—light-rail, street cars, or express buses—on the five miles of Maryland Parkway between downtown and the campus of the University of Nevada, Las Vegas. Think of it as a pipeline of talent and youth for Zappos, a company whose annual revenue of more than \$2 billion keeps growing and whose fortune is now hand in glove with the future of downtown.

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WHAT'S INTERESTING about Las Vegas' turnabout is that it's happening so quickly, almost right before our eyes. It was just three years ago that Hsieh announced the move of Zappos' HQ to the urban core. Within a year of that, he announced the formation of the Downtown Project and the planned \$350 million investment in education, technology, entertainment, and small business. But why here? Why Vegas? Zappos would have been given the keys to any city in the world when it decided, in 2004, to leave its original home in San Francisco. One factor was the parallel Hsieh sensed between Nevada's tradition of great customer service and Zappos' aspiration to be peerless in customer care. But it's more than that. "Las Vegas has been and always will be the city of possibilities," Hsieh says. "If we can make downtown Las Vegas—a place probably voted Least Likely To Succeed—a

place of inspiration, entrepreneurial energy, creativity, innovation, and discovery, hopefully we can inspire other communities and cities to transform themselves as well."

Hsieh is more animated than usual as he and Bushnell make their way east on Fremont Street, past Container Park, where the looming praying mantis causes Bushnell to chuckle. Hsieh is talking excitedly about the stores that will open, the kids' play area planned for the middle of it all, and the Bolt Barbers shop that will occupy a restored caboose and boxcar at the back of the park. Then it's on to the Western Hotel and Casino, where Bushnell takes rough measurements of the interior, sizing up its potential to house his Two Bit Circus. Across Fremont is a large lot that will be paved for parking. Bushnell is wide-eyed with amazement. "It feels like a city is being cultivated here, and it feels like there's this whole side of Las Vegas that most

people don't know or have never heard of," he says on the phone a few weeks later. "It's exciting."

Of course, you hear that a lot when people talk about this place. Gambling, bright lights, and neon have always elicited excitement. But Bushnell's enthusiasm is for the wide-open feel, the sense of a city still being made. There's territory to explore and opportunity to add to the landscape. You still can't swing a yard-long alcoholic drink on the Strip without hitting someone saying, "Vegas, baby, Vegas!" But when you do that downtown these days, you better be careful, and you better bring some energy. The person you plunk might be Hsieh himself. And, really, you don't want to mess with a guy who's in the business of shipping out loafers.

Joe Schoenmann writes for the Las Vegas Sun and Las Vegas Weekly. He lives in downtown Las Vegas.

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