

## Snohomish developer's Las Vegas gamble

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A Snohomish County developer's ambitious foray into building Las Vegas luxury condominiums has wound up in bankruptcy court here in Seattle, sheltering a mostly empty 21-story tower from more than \$100 million in liabilities.

It's the latest blow to a sizable real-estate portfolio once held by Patrick McCourt, founder of the Lake Stevens-based firm Barclays North.

In building the 275-unit Streamline Tower at the northern end of a crowded downtown Las Vegas redevelopment, McCourt departed from his firm's principal specialty: buying and preparing Snohomish County land for major homebuilders such as Centex, D.R. Horton and Quadrant.

Three companies related to the Las Vegas project hurriedly sought Chapter 11 protection last Wednesday "because a foreclosure sale was set for yesterday (Thursday)," said Marc Stern, the Seattle attorney representing them.

Documents filed in Clark County, Nevada, show the April 30 sale was called to satisfy debt of \$106.8 million owed to Corus Bank, the tower's primary lender.

The nation's commercial real-estate sector has been caught in a double bind as refinancing for projects dries up and buyers or tenants become scarce.

In Las Vegas, the shakeout may have been compounded by a plethora of projects. A map on the Streamline Web site shows more than 40 condo or time-share high-rises were simultaneously under construction along Las Vegas Boulevard. The Las Vegas Review-Journal reported last week that another luxury condo project, a two-tower affair called the One Las Vegas development, was just taken over by its lender — also Corus.

Streamline project manager Dusty Allen told the Review-Journal last week that about 10 percent of the condo units have been sold. Neither Allen nor McCourt returned messages Friday. McCourt said last summer that he would fold Barclays North and attempt to unwind its projects in an orderly fashion.

Attorney Stern said he aims to file a plan to reorganize the Las Vegas project's finances within 45 days.

"Two years ago I suspect it was worth \$300 million," he said. "Now it's worth ... well, that's the big question."

### Business Journal

#### ignores own layoffs

Puget Sound Business Journal, which attentively tracks job losses at other local companies, missed one the other day: its own 15 percent staff layoff.

Not only did the prize-winning Seattle newsweekly neglect to cover its own cuts — publisher Emory Thomas Jr. went a step further, according to several sources: He warned that anyone who talked or blogged about the cuts could be fired.

The paper laid off seven people April 24: three of the 19 in its newsroom and four in its business operations. A revised staff box published Friday shows 39 employees, down from 50 in February.

Thomas, the Business Journal's editor before he became publisher, said in a written response to questions that "these are challenging times" but "the paper remains solidly profitable." He declined to discuss the number of layoffs and didn't address his warning to staffers.

Not surprisingly, the paper's journalists had absolutely no comment.

The layoffs follow a pay freeze, salary cuts and other belt-tightening measures announced in mid-April by American City Business Journals (ACBJ), parent company of the newspaper and 39 others like it across the U.S.

ACBJ Chairman Ray Shaw told employees in a memo that starting June 1, employees making more than \$35,000 a year would have their pay cut 5 percent; also, all salaries are frozen and no positions may be filled without the chairman's OK.

ACBJ's parent company, Advance Publications, last week also killed the glossy national business monthly, Portfolio, it had launched two years ago.

Local business weeklies are in a niche that relies heavily on commercial real estate and finance advertisers, and those sectors are among the hardest hit in the current recession.

"The start of 2009 has been the softest stretch that ACBJ has had during the 20 years I have been involved with the company," Shaw said in his memo, according to a copy posted on the Talking Biz News blog.

(Full disclosure: Yours truly was editor of the Business Journal in 2002-2004.)

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