

Wheel of fortune

Thanks to investment from a visionary tech entrepreneur, the old Glitter Gulch of Downtown Las Vegas is undergoing a shining transformation

WORDS JENNY SOUTHAN



Dry ice is pouring out of the base of a stage that's been set up in an empty car park, creating clouds of smoke in the late September sun. A crowd of people are casually hula hooping to Missy Elliott's *One Minute Man*, their gyrating bodies casting long lilac shadows across the tarmac. Down the road, the smell of weed wafts by from the *High Times* Cannabis Village (marijuana is now legal in Nevada), girls pose for photos against day-glo murals and street bars mix up Fernet-Branca cocktails. Now in its fifth year, the Life is Beautiful festival, in Downtown, is in full swing.

Just one week later, tragedy strikes when a gunman opens fire on the Route 1 Harvest country music festival on the Las Vegas Strip, killing dozens and injuring hundreds (see page 36). It is later revealed that the assailant also booked a room over-looking Life is Beautiful but decided against attacking. Oblivious at the time, the event couldn't have been more joyful and optimistic, but in hindsight it's chilling.

Unlike California's Coachella, which takes place at the Empire Polo Club near Palm Springs, or Nevada's Burning Man, which sets up camp in the middle of the Black Rock desert, Life is Beautiful is an urban festival. It takes over 18 blocks of Las Vegas's Downtown area, 9km from the Strip. This year's line-up, which attracted more than 50,000 people each day, included Gorillaz, Muse, The xx and MGMT. With the help of 60 restaurants, bars and food trucks – and one giant fire-breathing metal UFO from Burning Man – the 72-hour festival was expected to have generated US\$125 million for the local economy.

The event was launched five years ago by local internet entrepreneur and venture capitalist Tony Hsieh, as a way of putting this run-down part of Sin City back on the map. It was all part of a vision he had for revitalising the district, which centres around Fremont Street – the old “Strip” (also known as the Glitter Gulch), which is home to 1950s-era casinos such as the Golden Nugget and Binion's Horseshoe. Seeing the potential for reinvention, Hsieh put US\$350 million of his own money into establishing the Downtown Project (DTP) – with US\$50 million set aside for investing in tech start-ups, in the hope of creating a new Silicon Valley.

In 2013, he relocated the headquarters of his online shoe company, Zappos, in nearby Henderson, to Downtown's former City Hall. With 500 employees (now 1,500) to look after it was a bold move, but he was determined to generate a sense of community and culture in what had, up until then, been a downtrodden outpost for deadbeats, gamblers, prostitutes and panhandlers. Tourists rarely ventured this far. Mark Carlson, vice-president of operations for the Downtown Project, says: “Ten years ago there was a lot of crime and homelessness – it was just left behind. When Zappos moved here it created a lot of discussion about what the HQ should look and feel like, and that spurred this idea of putting money into the community.”

On a tour of the campus, long-term Zappos employee Letha Myles says: “On my second day at work there was a cake waiting for me as it was my birthday and they covered me in Silly String. This place has become my family. We have lots of extra curricular activities that are organised by our ‘fungineers’ fun team. They are

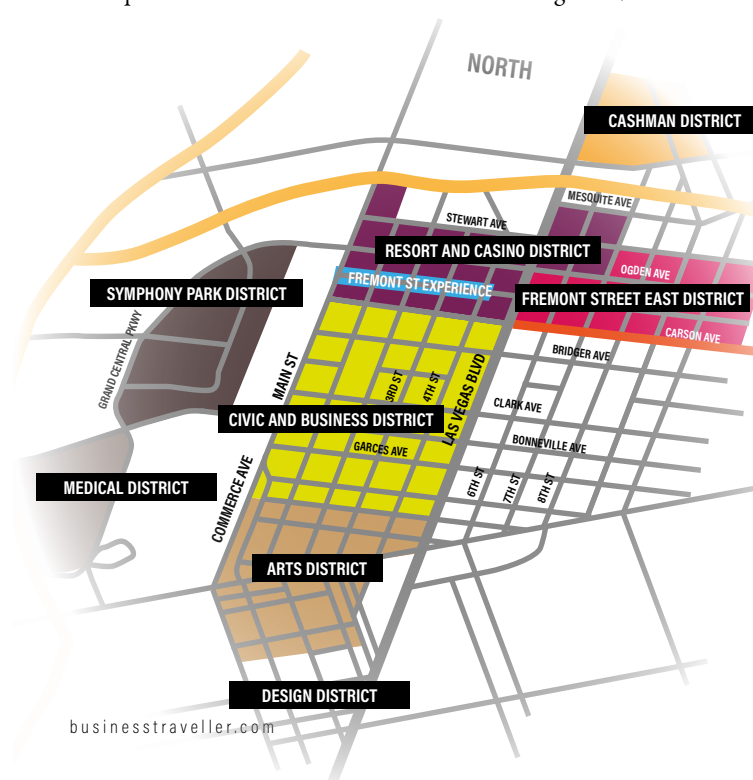
responsible for cultural engagements – think company picnics and ‘wear flannel, bring pie’ days. Even our lowest paid employee can have a good quality of life – they aren't just living on instant ramen.”

Hsieh soon began funding initiatives across the 18-hectare Downtown site – US\$200 million was allocated for real-estate and development, US\$50 million for small businesses and another US\$50 million for arts, culture and entertainment. There have been challenges along the way, though. Designated venture capital firm VegasTechFund invested heavily in roughly 100 tech companies but, unfortunately, many of them failed. Things then became rocky for Hsieh when he became the target of criticism after three prominent entrepreneurs committed suicide and he evaded discussing why. His mission to “deliver happiness to everyone” was crumbling and, after a series of layoffs, he stepped away from the project towards the end of 2014. Last year, the VegasTechFund was rebranded VTF Capital, and its reach was expanded to cities across the US. It seemed the dream was over – or was it?

‘When Zappos moved to Downtown it spurred this idea of putting money into the community’

SPONTANEOUS COLLISIONS

Since Amazon bought Zappos for US\$1.2 billion in 2009, Hsieh has amassed quite a fortune but still chooses to live in a trailer, which is part of Downtown's “Airstream Living Experiment”, near the revamped Bunkhouse Saloon. The CEO has a strong



UP-AND-COMING DOWNTOWN DISTRICTS

RESORT AND CASINO DISTRICT Fremont Street is the original gaming strip of Las Vegas, home to classic casinos such as the Golden Nugget. Upgrades to the Fremont Street Experience are in the works, as well as a new business hotel, convention centre and light rail system.

FREMONT STREET EAST A thriving new pedestrian-friendly area spanning six blocks with trendy restaurants and bars such as Evel Pie, La Comida, Park on Fremont, Commonwealth, Corduroy, Carson Kitchen, Eat and the Downtown Container Park. This forms the heart of Tony Hsieh's Downtown Project, which also encompasses the Gold Spike hotel, Inspire event centre, the Bunkhouse Saloon and Writer's Block bookseller and workshop, among other ventures. The Fremont 9 apartment complex is opening early in 2018.

CIVIC AND BUSINESS DISTRICT South of Fremont Street, the site is home to City Hall and the new Nevada Supreme Court. There are plans to build a park on Third Street linking the Resort and Casino district with the 18b Arts District.

18B ARTS DISTRICT An 18-block zone for studios and galleries such as the Arts Factory and Art Square, outdoor sculpture, antique stores such as Cowtown Guitars and Retro Vegas, and bars such as Velveteen Rabbit. Plans include the addition of live-work lofts, mid-rise condos, offices and incubator spaces for creatives.

CASHMAN DISTRICT North of Fremont Street East is the Cashman convention centre – there are plans to add a soccer stadium, a bike share programme, and offices for research and design.

SYMPHONY PARK DISTRICT Home to the Smith Centre for Performing Arts, plans include the addition of luxury housing, a research hub, a hotel, a conference centre and a modern art gallery.

MEDICAL DISTRICT Described as a “major new frontier” for the city by deputy city manager Scott Adams, more than \$100 million is being invested in turning the area into a hub for medical research, care and education.

DESIGN DISTRICT A mix of warehouses, industrial works and storage facilities, there are plans to rebrand the area and turn it into a place for fashion, design, 3D printing and virtual gaming.

ABOVE LEFT
TO RIGHT:
A praying
mantis
sculpture from
Burning Man
guards the
Downtown
Container
Park; mural
at Zappos'
Downtown
campus

The Life is Beautiful festival was launched five years ago by local internet entrepreneur Tony Hsieh, as a way of putting this run-down part of Sin City back on the map

ALAMY/ISTOCK/JENNY SOUTHAN



belief in creating an environment that is conducive to “spontaneous collisions” between people. Rather than isolating himself in a mansion in the suburbs, he prefers to be on the ground in the heart of the action. However, since distancing himself from the day-to-day running of the DTP, he declined an interview with *Business Traveller*.

I did get to visit the headquarters of the Downtown Project, though, and meet the people managing it. Far from defeated by its stunted tech scene (the hope of creating a new Silicon Valley never came to fruition), the initiative has pivoted towards food, drink, culture and creating a walkable neighbourhood. Not only does the DTP pay artists to paint giant eye-catching murals around the place, but it owns and operates a dozen thriving businesses, including the Oasis at Gold Spike hotel, Inspire conference venue and theatre, Corduroy rock bar and the Downtown Container Park, which is a trendy hotspot for independent restaurants such as Big Ern’s BBQ and Bin 702 wine bar, which have set up shop inside shipping containers.

Michael Downs, executive vice-president of the DTP, says: “Tony was a bit of a pioneer – he had the vision, he was the first one to open up his cheque book. He bought the Gold Spike four and a half years ago when it was a tired, smoke-filled casino and we gutted place, took out the gaming tables and slot machines, and created a co-working space by day, and nightclub by night. There are also hotel rooms and apartments. People thought we were kind of crazy for shutting down the casino but now it is super successful.” He adds: “There is not as much focus for us on tech – many of the start-ups have →

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ABOVE: Fremont Street East
RIGHT: Weapons for sale at the Cashman Centre

LAS VEGAS GUN CULTURE

The tragic news of the Las Vegas massacre on October 1 was a great shock to the city. A lone gunman opened fire from his room at the Mandalay Bay hotel, claiming the lives of 58 people and injuring more than 500 others.

Just one week before the shooting I visited a gun convention at the Cashman Centre in Downtown. A light security check was performed on arrival, which was ironic given I was entering a place that had enough weapons to start a small war. The hall was filled with stands selling everything from 5.56mm M4 machine guns for US\$1,228 to M&P15 semi-automatic rifles. There were stacks of Ruger 9mm magazines for US\$20 and boxes of Winchester x 22 magnum full metal jacket bullets for US\$12. There was an XMG belt-fed 8mm machine gun made by BRP Corp using Nazi parts for US\$6,999 and even rocket propelled grenades.

According to the National Rifle Association, you do not need a permit to buy hunting rifles or shotguns in Nevada. The state does not ban assault weapons, which are designed for maximum fatalities. Fully automatic weapons are illegal in the US but guns can be modified with legal accessories to make them fire at similar speeds.

If you buy a new gun from a dealer, they are required to do a background check but if you buy “private”, which basically means second-hand (of which there were hundreds at this show), you only need a valid ID to walk out with whatever you like. There is no bill of sale or registration requirement. Nevada is an open-carry state, which means you need a permit to conceal one on your person, but not to wear it in view. There is no limit on magazine capacity, the number of bullets or the number of guns you can buy.

One vendor I spoke to said: “In terms of the purchasing, anything that has a hand-written tag is privately owned. We have a federal firearms licence but we are allowed to own these [used guns] privately. Out the door there is no background check as long as you are a Nevada resident. We did 16 background checks today and 15 people walked out of here with one. We only had one three-day delay. We get first-time buyers all the time.”



JENNY SOUTHAN



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gone back to California because I think they recognise that there is more infrastructure and support for them there. Over the last five years, though, we have found what is successful. We want to create a really dynamic entertainment corridor.”

Guarded by a giant fire-spewing praying mantis (a second Burning Man sculpture), the aforementioned Container Park is a highlight. Downs says: “The Container Park is super unique – it is a place where entrepreneurs have the chance to sell their goods in a really approachable space where they won’t have to sign a ten-year lease and put US\$5,000 down. You can go in for six months and sell white T-shirts and if white T-shirts work you can do it for another six months. If not you can pack up. There are always new tenants coming and going.”

The Downtown Project has also been investing in small businesses such as marketing agency Catalyst Creativ, independent bookstore Writer’s Block, 24-hour dry cleaning firm Mint Locker, production company Rock Salt Music, styling salon Bombshell, vinyl store 11 Street Records, and hip restaurants La Comida, Eat and Carson Kitchen.

Downs says: “Now the hope is that these businesses will grow to other places in Las Vegas. Vegenation is

It’s no surprise
Downtown is pulling
in tourists who are
happy to take an
Uber from the Strip

ABOVE LEFT
TO RIGHT:
Ball pit in lobby
of Zappos HQ;
Downtown
street art

opening its second restaurant in Henderson and Bin 702 are opening their second operation in Downtown.” John Courtney, culinary director of Carson Kitchen on S Sixth Street, says: “We are planning to open a new Asian place called Alley Cat not far from here.” He adds: “Come back again in five years’ time and you probably won’t even recognise this street because there will be a light rail system coming through. All we have right now are buses, and they are terrible.”

From crème brûlée donuts at the Donut Bar to the Neon Boneyard, where vintage signs go to die, it’s no surprise Downtown is pulling in tourists who are happy to take an Uber 20 minutes away from the Strip for something more “authentic”. Carlson says the DTP is also endeavouring to attract more corporate travel. “We started working with some of the other casinos in the Downtown area to create a convention association as a way of attracting more business. We have now formulated this group of 15 or 20 individuals representing the other hotels and event spaces in Downtown and it has been gaining a lot of traction.”

Derek Stevens, who owns The D casino and hotel, recently revamped and expanded the Golden Gate casino (five years earlier he added a hotel tower). This year he also demolished the Las Vegas Club to make way for a new resort in Symphony Park, with construction to begin next year on what has been named the “Fremont 18” project. “They are pretty tight-lipped about their plans but it will be the first new casino to open in Downtown in over 50 years,” says Carlson.

The next step is bringing in more residents with the construction of new housing, something Hsieh has since said he wishes he’d done sooner. Debuting early next year, with a 50 per cent investment of US\$21 million from Wolff Company, will be Fremont 9, a 232-unit
CONTINUED ON P86 →