

IN BUSINESS Las Vegas

Real Estate and Development

Market slows for resale homes

By *Jennifer Shubinski*

The number of resale homes sold in the Las Vegas Valley continues to slide, while the price for those homes hovers around \$280,000, a local research firm reported.

In its monthly report on the state of Las Vegas residential real estate, Home Builders Research Inc. reported that there were 3,203 resale transactions in February, bringing the 2006 total to 6,460 — a year-to-year decline of almost 11 percent.

The median price of a resale home in the valley declined in February to \$282,000 — a month-over-month decline of \$3,000 — but a \$22,000 increase over the same month a year ago.

Resale housing prices have remained relatively stable for the past eight months — reaching a peak of \$285,000 in September and a "low" or \$280,000 in June and October, Home Builders Research reported.

Smith said in his report that it appears that Las Vegas' resale segment has hit an "extended flat period" and that movement up and down will continue through the next six months.

A flattening of the market price-wise could burst the bubble talk, especially stability that continues through most of the year, Smith reported.

But the decline in the number of resale houses sold indicates a softness in the resale market, he reported. Much of that softness is in the move-up price segments of \$500,000 to \$750,000, Smith reported.

On the flip side, new houses continued to show modest gains over the previous year.

In February, there were 2,872 recorded sales, bringing the 2006 tally to 5,734, a year-to-year increase of 21 percent, Home Builders Research reported. That includes 705 apartment-to-condominium conversions in February.

The median price of a new house, without condo conversions, in February was \$345,265, a \$51,875 increase from February 2005. When condo conversions are included, the number drops to \$308,753, a \$29,557 increase from the same month a year ago, Home Builders Research reported.

The median price of apartment conversions in February was \$192,990, Home Builders Research reported.

Smith reported that sales at many apartment-to-condo conversions have slowed over the past two months, in part because of sales incentives by builders. Smith warned that to stay relevant to buyers, conversion products may also have to begin giving incentives to prospective buyers.

Randy Friend, co-founder and principal of California-based Eagle Real Estate Group, has been successful in Las Vegas' converted condo arena — selling out its Sedona on the Boulevard project in a year.

Friend said the combination of location and pricing helped sell out the property; condos started at \$200 a square foot and finished at about \$250 a square foot.

"We had a great location and a great product right on the Strip," he said. It's next to the South Coast and in the area of progress."

The project is divided among investors, secondary homebuyers and people who bought for a primary residence, Friend said.

Condo conversions have had success in Las Vegas, and most likely will continue to be popular because of their relative affordability when compared to other options, he said.

"In 2004 the median home price (in Las Vegas) went up 52 percent," Friend said. "This provides affordable housing to a certain extent."

Eagle Real Estate Group owns about 2,000 apartment units in the Las Vegas Valley and is in talks to expand its apartment base and is looking at more condominium projects, he said.