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## Allure high-rise will auction off 10 buyer-forfeited condos at lower cost

### Successful auction could set a trend

By HUBBLE SMITH  
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In what could be a sign of the times for the high-rise condominium market in Las Vegas, the 41-story Allure tower on Sahara Avenue is selling 10 units at auction Saturday, starting in the \$200,000s for a 660-square-foot studio on the 10th floor.

The units were given back by buyers who canceled contracts and forfeited a significant portion of their deposits, thereby reducing prices by about 15 percent in most cases, said Alan Schactman, senior vice president for Chicago-based developer Fifield Cos.

Allure is one of four condo projects in the resort corridor engaged in sales, with about a dozen closings in the past two months, a report from Deutsche Bank shows.

Six units are under contract, Schactman said. Overall, the 427-unit Allure is about 50 percent sold.

"We're actually selling, but because of buyer defaults and deposits we retained, we had an opportunity to sell these 10 units at a lower price than we normally do," he said. "This is a one-time deal. I do not anticipate another auction. The market is picking up. I think after this auction, we're probably going to raise prices."

Schactman said he's always looking for creative ways to attract new buyers and show them the value at Allure, which offers sweeping views of the Las Vegas Valley along with concierge service, valet parking, 24-hour security and Wi-Fi in all public spaces.

Fifield is the one of the last developers still selling high-rise condos in Las Vegas and the first to initiate an auction, sales agent Sarah Prinsloo said. Newport Lofts developer West Seegmiller advertised an auction last year, but the lender canceled the auction and took over the project.

Prinsloo said high-rise developers are negotiating on prices right now. While \$300 a square foot may not rate as affordable housing for most people, Prinsloo said she had a firefighter and a schoolteacher recently enter purchase agreements at Allure.

If Allure's auction succeeds, it could set a trend for other condo projects that experienced high cancellation rates, such as Streamline Tower, Trump Tower and Palms Place. Florida-based Turnberry closed its sales office for Turnberry Towers and the project has been taken over by the bank.

Luxury condo broker Aaron Auxier of Shapiro and Sher Group said the general consensus in real

estate is that auction units, particularly at foreclosure auctions, still end up selling for higher than average because people get caught up in the moment.

"Banks are hard to work with right now," he said. "I would rather the developer just price the units really good, bank-owned type pricing, but you don't have to deal with the banks. Just price them right."

Rick Byrd of RB Realty said the big problem with high-rises is value.

"There are two evil twins fighting on this," he said. "When a new project is completed, value is established by presales as there are no exact comps (comparable sales). The problem now is there's no project where an appraisal or a loan can be obtained at the price they were sold. It happened at Palms Place, Trump and Allure."

Early buyers close escrow with value from contract purchase agreements, he said. As soon as they close, appraisal values begin to fall to the point where buyers have to put down 20 percent to 30 percent. When they realize values are dropping, making it a bad investment, they cancel, Byrd said.

He doesn't see any way that MGM Mirage's CityCenter project will avoid similar problems.

"What will be interesting to see is how smart the buyers are at that time or how liquid they are," Byrd said. "I've spoken to dozens of friends who reserved units at CityCenter and don't know what to do, but are going to wait and see."

"The smartest thing CityCenter could do is not close if they finish around the end of year as planned because borrowers will have to decide between Christmas and buying a condo. Last year proved that Christmas won. Closings after October were nil."

CityCenter may be the anomaly, Byrd said.

"It may just be so freaking cool and the buyers may have the cash to close and it may go smooth," he said. "Of course, the new world order dictates that when things are bad and you can't pay your bills like the Dubai group, you sue the company you can't pay. Maybe prospective buyers will start to sue CityCenter before it is done."

Schactman said Allure has dropped prices from the peak period and that \$300 a square foot is on par with places such as Panorama, Turnberry or Sky Las Vegas.

"The key is there is no more supply after CityCenter. We've got about 600 to 800 units in the inventory," he said.

The auction, open to the public, is scheduled for 1 p.m. Saturday in penthouse unit 4001. Units for auction will be available for viewing at 11 a.m. Winning bidders must put down 15 percent.

Contact reporter Hubble Smith at [hsmith@reviewjournal.com](mailto:hsmith@reviewjournal.com) or 702-383-0491.

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