



LAS VEGAS BUSINESS PRESS

sponsored by **BANK of NEVADA** We're here for you.

Monday, August 31, 2009

[Home](#) | [News](#) | [Opinion](#) | [Classifieds](#) | [Search](#) | [Contact Us](#)

Find a new car you LOVE.

RJAUTOS.COM

- [News](#)
- [News Update](#)
- [Business Wire](#)
- [Press Releases](#)
- [Economy](#)
- [Business Life](#)
- [Opinion](#)
- [Legal Center](#)
- [Classifieds](#)
- [Executive Calendar](#)
- [Networking Calendar](#)
- [Subscribe](#)
- [Archives](#)
- [Get on the list](#)
- [Contact Us](#)
- [Links](#)
- [Media Kit](#)
- [Home](#)

Vacant valley land prices stabilize in second quarter

In period, 107 parcels totaling 395.4 acres change hands, statistics show

BY TONY ILLIA

Southern Nevada vacant land prices stabilized during the second quarter, posting a 6 percent improvement from the previous quarter, Applied Analysis, a Las Vegas-based business advisory firm reports.

The small upturn is welcome news for the battered local real estate industry, which has experienced five consecutive quarters of price declines amid a deepening recession. Valley property prices averaged \$255,309 an acre at the end of June, up \$14,887 an acre from the first quarter, but still down 55.2 percent overall from last year (excluding higher-priced resort properties). It equals a sales price of \$5.86 per square foot, which is 34 cents more than the first quarter, but \$7.23 per square foot less than the second quarter of 2008.

"The fact that land prices seemed to have found a bottom is encouraging even though it is still heavily influenced by distressed transactions," said Kevin Orrock, top division executive for The Howard Hughes Corp., the developer of the Summerlin master-planned community in the southern valley. "Those who are not forced to sell into this market and own strategically located land will eventually be rewarded."

Yet, there was still increased activity during the second quarter with 107 parcels totaling 395.4 acres changing hands, Applied Analysis said. It marks 30 more parcels, combining for 114.2 acres, than exchanged during the first quarter. Despite the upswing, things are expected to worsen in the future as mortgage rates reset and foreclosures accelerate. Overleveraged property owners in need of fast cash are being pressed to sell at whatever the cost.



TONY ILLIA | BUSINESS PRESS
SOUTHERN NEVADA VACANT LAND PRICES STABILIZED DURING THE SECOND QUARTER, POSTING A 6-PERCENT IMPROVEMENT FROM THE PRIOR QUARTER, AFTER FIVE CONSECUTIVE QUARTERS OF PRICE DECLINES AMID A DEEPENING RECESSION.

Marketplace

Search Classifieds:

Why are more professionals changing to Bank of Nevada?

It's Simple:

- Big Bank Capabilities.
- Small Bank Personal Attention.
- Single Point of Contact.



[CLICK HERE](#) to make the change.

SPONSORED LINKS

Cheap Car Insurance

Drivers Pay \$44/mo on Avg for Car Insurance. Are you paying too much?

Blue Cross Health Plans

Get Blue Cross Shield Quotes. Compare Plans Online!

PennyStocks Soaring 600%

Sign up for FREE email alerts on stocks that jump 600% and more!

Free Penny Stock Alerts

Stocks that Move up over 500%.Free Reports. Join Today

Fantasy Stock Market

Buy and Sell Stocks Using Virtual Money. It's Free!

2009 New Car Blowout Sale

Dealers are going out of business, all vehicles are on sale now!

[Buy a link here](#)

"I am very hopeful that the commercial land will not get hurt as bad as the residential land did the past two years," said Scott Gragson, senior vice president of Colliers International's land division. "The banks are finally starting to work with the borrowers and have made it very clear that they really do not want to take the properties back."



Land values can greatly differ based on location, infrastructure, zoning and parcel size. Resort property sold in the second quarter, for example, had an average price of nearly \$4.1 million. Averages, therefore, can be misleading if everything is lumped together. Land prices dip 93.8 percent when resort properties are included. Record-high unemployment, tightened lending criteria and softening demand for commercial space are helping fuel the pricing downturn.

"Every mechanism required for land appreciation has downward pressure, commercial rents continue to compress, capital is getting tighter and there is no equity," CB Richard Ellis First Vice President Jeremy Green said. "I expect that we will remain flat through the better part of 2010."

Many well-capitalized investors are still waiting on the sidelines for values to hit rock-bottom, market observers say. Despite bargain deals, some buyers fear overpaying for parcels; they expect lower prices down the road.

"Residential and commercial builders remain on the sideline even as existing home prices appear to be stabilizing, albeit at price point not seen since 2003," Applied Analysis principal Brian Gordon said. "With limited demand for new homes and commercial space, we see little upward pressure in the raw land market in the next two quarters."

PROJECTS

George Gekakis topped-out the 77-unit second phase of the McKnight Senior Village at 651 McKnight St. in Las Vegas. The four-story wood-framed building, on 2.14 acres, will give the affordable senior housing complex 187 units with a 7,400-square-foot clubhouse. The \$14.3 million project, designed by KKE Architects, will finish in 2010.

Rafael Construction placed the first of three vintage neon signs Aug. 24 on Las Vegas Boulevard, north of Bonanza Road, as part of \$1.1 million in streetscape improvements along downtown's Cultural Corridor. The refurbished Bow & Arrow Motel sign, dating back to the late 1950s or early 1960s, was installed on a new landscaped median island. Two other signs, the Silver Slipper and Binion's Horseshoe, will similarly be installed along Las Vegas Boulevard between Bonanza Road and Washington Avenue. The project will finish in early October.

Southwest Lawn Shaping is performing a \$200,000 xeriscape conversion to the 18-hole city-owned Durango Hills Golf Course at 3501 N. Durango Drive in Las Vegas. The project will finish in late October.

MILLION-DOLLAR DEALS

Clark County signed a 10-year, \$15 million lease for 63,365 square feet of office space inside the former Cox Communications building at 121 S. Martin Luther King Blvd. in Las Vegas. Grubb & Ellis' David Scherer, Barton Hyde, Michael Hsu and Matt Kreft represented the tenant. The

reported average rent equals \$1.97 per square foot.

AllState Insurance Co. signed a 65-month, \$2.5 million lease for 21,436 square feet of office space inside McCarran Center at 500 E. Warm Springs Road in Las Vegas. CB Richard Ellis' Darren Lemmon and Randy Broadhead represented the tenant. The reported average rent equals \$1.77 per square foot.

Alan Stejes bought 12,025 square feet of office space at 2839 St. Rose Parkway in Henderson for \$2.225 million, or \$185 per square foot, from Rose Oasis LLC. Lee & Associates' Charles Witters, David Flynn and Kris Watier represented the seller; CB Richard Ellis' Randy Broadhead and Brad Peterson represented the buyer.

Contact reporter Tony Illia at tonyillia@aol.com or 702-303-5699.

Copyright © 2009, Las Vegas Business Press | [Privacy Policy](#)