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Get 'em while they're cold

Realtors expect MGM Mirage to slash CityCenter condo prices



Ulf Buchholz

Soft condo market: A recent view of MGM Mirage's CityCenter along the Las Vegas Strip.

By [Brian Wargo \(contact\)](#), In Business reporter

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MGM Mirage is expected to cut its condominium prices at CityCenter by about 30 percent, two knowledgeable Las Vegas Realtors said.

The price cuts will apply to units yet to be sold as well as those MGM Mirage has already made deals to sell, the experts said.

For months, MGM officials have said they have no intention of cutting prices despite requests by some buyers who agreed to purchase units.

But the issue was put in the spotlight when MGM CEO Jim Murren told bloomberg.com that CityCenter may cut prices. Real estate observers say the cuts will happen.

“The 30 percent is real, and in some cases it may go more than 30 percent,” said one real estate agent who requested anonymity because he does business with MGM Mirage.

CityCenter said it has sold about 1,300 of its 2,500 residential units.

Some observers say MGM has no choice but to cut prices because there is too much inventory on the Strip. Buyers are going to have trouble closing because of the lack of financing and prices as high as \$1,500 a square foot, one observer said.

Prices range from \$1.4 million to \$10 million in Mandarin Oriental, in the high \$400,000s to just under \$4 million in the two Veer towers and \$600,000 to just under \$3 million in Vdara, the condo hotel.

Mandarin Oriental has 17 penthouses remaining in the 217-unit building. Veer has sold more than 60 percent of its 670 units, and Vdara has sold 45 percent of its 1,570 units, according to CityCenter.

Bob Hamrick, CityCenter’s broker, says no decision will be announced on prices until the end of the month or early September. Any decision would have to be made by MGM and Dubai World, its partner in the project, he adds.

“We remain in the process of recalibrating prices to make it fair for existing owners and to make it compelling for further purchasers to buy,” Hamrick says.

CityCenter started selling units in January 2007 when there was a lot of interest, but the world has changed, Hamrick says.

“CityCenter remains a unique product that can’t be touched by anything else in Las Vegas, but there are some realities we recognize, and we have to respond.”

Murren’s interview with bloomberg.com elicited a positive response from lawyers representing several buyers of CityCenter condos. Mark Connot, a partner with Hutchison & Steffen, says he’s glad to hear MGM has recognized the decline in the price of real estate.

Not only does it take into account what’s happening with the economy, but the taint of the construction problems at the project, he says. Nobody knows for sure how widespread the problems are, and buyers are worried that it might affect resale values even if their unit doesn’t have a problem, he says.

Connot says he’s heard rumblings that price cuts could be 20 percent to 30 percent. Cuts have to be made because buyers’ wealth has taken a hit, and it’s harder to obtain financing, he says.

“I think a fair number of people have looked at this and say unless they get down to market value or close to it, people may walk,” Connot says.

Real estate experts are expecting MGM to develop a plan that helps buyers get the financing to purchase the units.

Luxury high-rise Realtor Bruce Hiatt says CityCenter has called in prospective buyers for a focus group to discuss various issues, including pricing.

The condominiums are expected to open by the end of the year. That includes Vdara, which is a condo hotel owned by investors who can put their units in the daily hotel rental pool if they choose.

Some real estate observers say they won't be surprised if CityCenter cancels sales of Vdara because of lackluster sales and weak demand for the condo hotel market. Many projects are facing lawsuits from investors who are disappointed at the revenue they are earning from their units.

There is competition from Palms Place, Trump and other projects, and some suggest MGM will convert Vdara into a resort hotel and consider condo sales down the road.

"There are a lot of rumors out there, and I wouldn't be surprised if that happened," said another Realtor, who also commented on condition of anonymity. "Everyone is buying time until financing comes back."

Hamrick called any suggestions of Vdara being converted into a hotel just a rumor.

Real estate observers said they expect any Vdara buyers will be pushed to buy at Veer instead.

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