

Las Vegas Sun

In Business LAS VEGAS

REAL ESTATE AND DEVELOPMENT:

Las Vegas has more than its share of troubled properties

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

Fri, May 7, 2010 (3 a.m.)

Las Vegas continues its overall No. 1 ranking in troubled commercial assets despite clearing up some of its bad loan problems, according to New York-based Real Capital Analytics.

Las Vegas retains that ranking despite \$4 billion in distressed properties moving off the list. Lenders have greatly stepped up the pace of workouts since the beginning of the year.

Las Vegas has 305 troubled assets valued at \$15.6 billion, the largest percent of troubled properties in the country, the firm said.

None of that includes \$2.1 billion in troubled loans that were resolved and \$1.9 billion in loans that were restructured.

Of the \$15.6 billion in distressed loans covering 305 properties, \$7.8 billion involve 30 hotels in Las Vegas.

The others:

- \$4.1 billion involve 12 development sites.
- \$1.4 billion for 60 apartment complexes.
- \$1.2 billion for 65 retail sites.
- \$741 million for 37 industrial properties.
- \$533 million for 31 office properties.
- \$116 million for other commercial properties.

Of the new round of troubled properties added to the list, office and industrial account for 37 percent of the entrants, up from 25 percent in 2009 and 18 percent in 2008. A much lower proportion of recent troubles involve land and construction loans, which accounted for 4 percent of new distressed properties, down from 25 percent in 2008, the firm reported.

Over the past 12 months, Las Vegas has had \$246 million in property sales, which includes 27 of any consequence. There were 11 retail properties sold worth \$108 million; six industrial properties worth

\$59 million, six office properties worth \$41 million, three apartment complexes worth \$28 million and one hotel worth \$11 million.

Apartment market outlook

The occupancy and rental rates in the local apartment market picked up during the first quarter, but analysts said that shouldn't be viewed as a trend, given the high unemployment rate.

Applied Analysis reported the occupancy rate locally was 90.5 percent at the end of the first quarter, up from 90.1 percent at the end of 2009. The occupancy rate at the end of the first quarter of 2009 was 91.3 percent.

The five-year occupancy rate in Las Vegas is 93.5 percent.

The average rent requested by apartments at the end of the first quarter was \$777, \$7 a month higher than the fourth quarter. That is still well below the \$868 per month requested in the first quarter of 2010.

Jake Joyce, a project manager with Applied Analysis, said the depth of the recession in Southern Nevada remains a concern for the apartment market and that many complexes will require a loan modification or fall into foreclosure.

Rents and occupancies won't return to where they were before the recession until after 2011, the firm reported.

The highest rent was requested in the southwest valley at \$944 a month, while the northeast had the lowest at \$655 per month. Other rents include the west, \$765; central/east area, \$714; northwest, \$780; north, \$796; south, \$782; and southeast, \$863.

The southeast had the highest occupancy rate at 92.4 percent, while the northeast had the lowest occupancy rate at 87.4 percent.

Area housing market

The rate of price drops for Las Vegas-area homes eased dramatically in the first quarter of 2010 compared with a year earlier and reflects how the market has stabilized over the past year, analysts said.

San Diego-based MDA DataQuick released home price numbers for the 58 local ZIP codes that showed a 14.7 percent drop in the median prices between the first quarters of 2009 and 2010. That contrasts with a 31.5 percent drop between the fourth quarter of 2008 and fourth quarter of 2009.

The median price for resale homes and condos and new homes was \$128,000 in the first quarter. Only 11 of the 58 ZIP codes for the region recorded a price decline of 20 percent or more in the first quarter compared to 46 ZIP codes that fell 20 percent or more in the fourth quarter.

Surprisingly, Henderson, whose values have held better than other ZIP codes, had four with declines of 20 percent or more. They include 89011, down 35.7 percent; 89102, down 23 percent; 89074, down 20.5 percent; and 89015, down 20.1 percent.

North Las Vegas, which has taken some of the biggest price hits, had one ZIP code, 89032, decline 20 percent.

North Las Vegas had the lowest median price of any ZIP code, 89030, where the median price of homes sold in the first quarter was \$42,100, a 8 percent increase from the first quarter of 2009.

Besides 89030 in North Las Vegas, the other ZIP codes to record an increase compared to the first quarter of 2009 had some of the lowest priced homes. There was 89169, up 8 percent; and 89115, up 3 percent. Those homes sold for \$87,000 and \$72,000, respectively.

Others that had increases were 89115, up 3 percent where properties sold for \$72,000; 89107, up 5.3 percent, \$70,000 median price; and 89101, up 13 percent, \$52,000.

The lone ZIP code to record an increase where homes are priced higher was Boulder City. The median price of \$245,000 was 4.3 percent higher than the first quarter of 2009.

The highest price per square foot was \$250 in 89109 along the Strip, down \$10 per square foot over the past year.

Foreclosure report

Las Vegas continued to post the nation's highest metropolitan foreclosure rate during the first quarter.

California-based RealtyTrac said one in 28 housing units received a foreclosure filing in the first quarter, nearly five times the national average.

A total of 28,480 Las Vegas housing units received a foreclosure filing during the quarter, an increase of 13 percent from the fourth quarter of 2009. The filings are 19 percent below the first quarter of 2009, when a self-imposed moratorium was in place among lenders.

Las Vegas was ranked No. 1 in the nation in 2009. In the state category, Nevada has been ranked No. 1 since January 2007.

Modesto, Calif., ranked No. 2 with one filing for every 34 households. Phoenix was seventh and Reno was 12th.

In other real estate and retail news:

- The Siegel Group will open its flagship 150-room Rumor Hotel & Resort in June. The former St. Tropez hotel is across from the Hard Rock Hotel at Paradise Road and Harmon Avenue.
- American West planned to open its reserve collection in Coronado Ranch for previews on May 6 and feature Las Vegas real estate expert Richard Lee giving a presentation about the real estate market. The event for Realtors and others was two days before American West opens the collection to the public. The preview was at 8532 Silver Coast St. in Las Vegas. Lee was expected to talk about the current state of the market and make predictions.
- United Construction has completed work on Freeman Decorating Services' new facility along Sunset Road. The 307,000-square-foot warehouse distribution center was one of the few private-sector, commercial-built-to-suit projects in 2009. The 30-acre site along Sunset Road between Rainbow and Jones boulevards also has a 105,000-square-foot, three-story office component.
- Towbin Automotive has opened a dealership in the northwest valley. Prestige Chrysler Jeep Dodge has opened at 6520 Centennial Center Boulevard. The 40,000-square-foot dealership received its first shipment of vehicles recently. The opening has created 70 jobs, saidCarolynn Towbin, president and CEO of Towbin Automotive. The site was previously used for Towbin Infiniti. Towbin has another Infiniti dealership on West Sahara Avenue.

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