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Lenders give Summerlin condo project new life

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

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You wouldn't think anyone would be brave enough to restart construction of a condominium project given the soft economy and continued credit crunch that has prevented many people from obtaining financing.

But three banks are stepping up to the plate with \$37 million to complete construction on the first phase of luxury condominiums in Summerlin, where construction was halted in early 2008 after developer Westmark Homes filed for bankruptcy.

Mira Villa will be opening its sales office in June and expects to begin closings by the end of the summer on the first phase of 113 units, said Jason Koverchuk, director of sales for Nexus 30, the firm that manages sales and marketing for the project.

Nevada State Bank, Colonial Bank and TierOne Bank committed to the financing for the community that was 60 percent to 90 percent complete before work was halted.

Nexus is turning to the 90 people who contracted for the units even though those people are no longer required to close. The company is counting on attracting buyers with the prices that start in the low \$500,000s and are more in line with what the project charged five years ago when it was launched.

Those prices and limited competition because similar midrise luxury condominiums have been halted should create an opportunity for sales, Koverchuk says.

Timothy Cory, the bankruptcy trustee, says it took a while to gather the information the banks needed before they could commit to the project. Construction was far enough along that it could work.

"It is unusual," Cory says. "It is not very often lenders step in and agree to finish construction. The banks made a decision it was in their best interest, and the court decided it was in the best interest of the creditors to approve it."

The banks were owed \$60 million before the bankruptcy.

Cory says he's hopeful about sales.

"We are very optimistic and encouraged by the response from the previous contract purchasers," Cory says. "Many of them waited all this time."

Once units are sold, the homeowners association will take over control of the community, Cory says.

Luxury home prices

Kenneth Lowman, the broker/owner of Luxury Homes of Las Vegas, says during the first quarter of 2009, 27 homes priced at more than \$1 million were sold compared with 66 in 2008. It was as high as 131 in 2007, he says.

For those homes priced more than \$3 million, three were sold in the first quarter compared with 13 in 2008 and eight in 2007, he says.

The lack of sales is driving down prices 25 percent to 45 percent, depending on the neighborhood, quality of construction, age and amenities, Lowman says.

For example, a 13,000-square-foot estate on 1.5 acres is available for \$6.5 million after it was originally listed for \$14 million. It is not uncommon to see \$1 million price reductions.

The reason for the decline is that many buyers are business owners and executives whose companies are feeling the pinch of the recession, Lowman says. The decline in the stock market has limited their buying power, and it's difficult to get a jumbo loan, he says.

"Approximately 80 percent of these high-end luxury transactions are going to all-cash buyers," Lowman says. "It's just not that easy to get financed anymore for anybody."

There are more than 1,000 luxury homes priced at \$1 million or more that are for sale, Lowman says.

Those who are still buying are athletes, entertainers and the wealthy who have a lot of available cash and don't want to put it in the stock market, Lowman says.

"They are turning to real estate as a safe haven, and an asset that they can enjoy owning and use at their leisure," Lowman says. "Some of the deals out there were just unthought of two years ago when we were setting records for dollar per square foot sales and the volume of high-end luxury sales."

In other news:

- PMI Mortgage Insurance Co. reports that Las Vegas is among the 10 areas with the highest probability of lower prices in 2010 with a 99 percent chance. The other cities are Miami; Fort Lauderdale, Fla.; Tampa, Fla.; Orlando, Fla.; Jacksonville, Fla.; Los Angeles; Riverside, Calif.; Santa Ana, Calif.; and Phoenix.
- The National Association of Realtors reports that the sale of vacation homes and investment properties fell 30 percent nationwide in 2008.
- First American CoreLogic reported that foreclosure rates in the Las Vegas area increased in February with the rate at 3.7 percent among outstanding mortgages. That's an increase of 1.2 percentage points compared with the 2.5 percent rate in February 2008. The firm says the delinquency rate has increased with 11.9 percent of mortgage loans 90 days or more delinquent compared with 7.3 percent for the same period a year ago
- Edward J. Herbst, chairman and CEO of Herbst Gaming, sold a Summerlin home for \$2.32 million. The buyers were Michael Close and Tami Campa.
- United Construction President and CEO Craig Willcut has been named a national director by the

Associated General Contractors of America, a construction trade organization. Willcut has more than 30 years of experience in the construction industry.

- The Troy Smith Memorial Fund has been set up for a scholarship in Business Management at UNLV. Smith, 44, the one-time Astoria Homes senior vice president of construction, died last month. Donations can be made to the attention of Sarah Guindy at Bank of Nevada. The account number is 7501095752. It can be sent to 3985 S. Durango Drive, Las Vegas, NV 89147.
- RealtyTrac, the California firm that tracks foreclosure filings, has launched a new service that gives tenants advance notice when the property they are renting enters default or is about to be foreclosed upon by a lender. The monitoring service sends e-mail alerts to subscribers for \$24.95 a year.
- Windermere Real Estate has expanded to Boulder City. Homes! Las Vegas Realty has merged with Windermere Prestige Properties.
- Prudential Americana Group has been recognized for having four of the top 10 teams and three of the top 10 offices in its North American network in 2008. Its Sahara Avenue office was recognized as the No. 2 office in the country for residential real estate sold. Green Valley was No. 5 and the southwest office was No. 10. The McCollough Group was the No. 1 team for units sold. William Jorgensen was No. 3; the Steve Howell team was No. 4 and Shapiro & Sher was recognized for the third largest gross commission income.

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