

## Commercial market's woes show in auction bargains

**Buyers' prices are 30 percent of what they were in 2005 and 2006, observer says**

**BY HUBBLE SMITH**

The recent Federal Deposit Insurance Corp. auction in Las Vegas showed just how distressed real estate prices are in Nevada, Arizona and California, attracting about 40 lowball bidders looking to snap up bank-owned properties for pennies on the dollar.

A 4-acre parcel of commercial land in the northern Las Vegas Valley sold for \$15,000, while 157 acres of residential land near Kingman, Ariz., went for \$50,000.

A group of five office buildings at The Park at Northpointe, built by Glen Smith & Glen Development in 2007, sold for \$650,000, or about \$24 a square foot. In its third-quarter office market update, brokerage Marcus & Millichap reported a median sales price of \$98 a square foot in Las Vegas.

"It's indicative of the market," said John Dixon, chief executive officer of John Dixon & Associates, who conducted the auction Oct. 12 at Springhill Suites. "I think there were some phenomenal buys. We were in Phoenix the night before and it was tough. It was tough in Atlanta. It's tough all over."

Prices are about 30 percent of where they were in 2005 and 2006, he said. Bidding wars erupt only when someone is specifically interested in a property, such as adjoining property owners.

**The Northpointe office condos sold for roughly market price, said Mark Musser, listing agent for The Bentley Group. About half of the space is "gray shell," or unfinished interior.**

**"There were some good deals," Musser said. "I actually hopped in and bought after a few deals went down. I couldn't sit there and watch people make money."**

**Musser picked up a 1.5-acre residential lot in Reno for \$2,000, and was the higher**



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This property in The Park at Northpointe, at 4130 N. Martin Luther King Blvd., was part of a five-building group that sold for \$650,000 at a recent Federal Deposit Insurance Corp. auction.

**bidder at \$35,000 for 14 acres of general commercial land along Interstate 15 near the northern Las Vegas Beltway. Musser's bid failed to meet the reserve, and he eventually got the land for \$75,000.**

Most of the properties had a reserve minimum bid, while a few were "absolute," or sold to the highest bidder. Dixon declined to identify banks represented in the Federal Deposit Insurance Corp. auction.

Winning bidders have 30 days to close escrow. It's rare that lenders don't accept the high bid, but even then, they're usually willing to negotiate, Dixon said.

"Sellers are realizing that if they need to sell, they'd better go ahead because it's not going to get better for quite a while," he said from Marietta, Ga.

One of the hotter pieces of commercial land in Las Vegas was a 1.6-acre parcel at 6600 Grand Montecito Parkway, in Montecito Town Center. Bidding went from \$25,000 to \$95,000 in about 10 minutes.

Pete Beauchamp of Voit Real Estate Services in Orange County, Calif., said he had the Montecito parcel listed at \$412,000 through Voit's Las Vegas office. He said it will be interesting to see how many of the auction properties close escrow at bid prices.