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## **Run of the millions**

Hubble Smith LAS VEGAS REVIEW-JOURNAL

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It's a buyer's market in Las Vegas — unless you're looking at luxury homes. While the median price of an existing home has flattened for the past year and may even be poised for a decline, the high-end market is soaring . James Beasley of Sotheby's International Realty just picked up a \$12 million listing for a penthouse unit at Turnberry Place, the four-tower luxury condominium complex on Paradise Road. It's priced at about \$2,000 a square foot, or twice the starting prices at Trump International Tower.

"I don't think people grasp that for these premier high-rise units, people are willing to pay Manhattan prices," Beasley said.

The luxury home market has had strong and consistent results, with prices climbing and sales steady, Beasley said in his third-quarter market report. There were 70 transactions at \$1.5 million or more totaling \$160 million in sales volume, up from \$151.9 million the previous quarter.

His brokerage recorded the highest sale of the year in September at \$8.5 million.

"In this last year, we have seen the market shift into a healthier and more stable market, a market that is yielding more consistent home values adjusting from the boom in prices during 2004," Beasley said. "Since the growth fundamentals have not shifted and population growth continues in Las Vegas, our company is bullish on the future outlook of our market."

He sees Mountain's Edge in southwest Las Vegas Valley and Lake Las Vegas in east Henderson as key growth areas. Established million-dollar neighborhoods include Southern Highlands, Canyon Gate Country Club, Red Rock Country Club, Spanish Trail and MacDonald Highlands.

Million-dollar homes in North Las Vegas were once about as common as igloos in Saudi Arabia, but that's changed. Ken Lowman of Luxury Homes of Las Vegas counted 14 sales over \$1 million in North Las Vegas last year.

"Not a lot, but up from zero," he said. "Most are either horse properties with acreage or golf-front lots. I do think we will see more as time goes by. Many of these homes are newer and have yet to be resold. Much of Sun City Aliante is smaller homes, under 3,200 square feet, so very few of these will reach the million-dollar mark." Olympia Group, at its groundbreaking for Park Highlands in North Las Vegas, announced that the master-planned community would have a limited number of custom estates at \$1 million to \$2 million.

"The land cost will dictate what value gets built in some of these newer areas," Lowman said. "The (Las Vegas) Beltway has made North Las Vegas much more accessible as well, so home buyers are more likely to purchase in this area even if they have to commute to their workplace."

Sales of million-dollar homes in Las Vegas exploded from about a dozen in 1995 to 630 in 2005, Lowman said. Back then, it might have simply been a large square-footage home on a golf course or lot with a view.

As a more sophisticated, wealthier population migrated to Las Vegas for its tax benefits, warm climate and 24-hour dining and entertainment, they expected higher quality and advanced features in their homes, Lowman said.

Home builders recognized an opportunity to bump prices and fatten profit margins with upgrades such as marble flooring, granite countertops, home theaters, wine cellars, vanishing-edge pools and custom fixtures.

"In many cases, the million-dollar home is now simply a production home," Lowman said. "Several builders throughout the valley now have production neighborhoods where you can spend from \$1 million to \$2 million on a production-built home. This is a sign of the times for the level of demand for million-dollar homes. This trend is making the true custom luxury home less and less attainable."

The new bar for luxury living in Las Vegas is closer to \$3 million, he said. There are 131 homes on the market at that price or higher, separating themselves from the pack with guest casitas, underground basketball courts, 10-car garages, "smart home" automation, 2-acre lots and indoor swimming pools.

"It has become evident that size is not the only thing that matters. Quality, features, appeal and pizzazz are much more important," Lowman said.

**Merlin Contracting** and Development President Steve Jones just finished building a custom home in The Ridges at Summerlin and started working on an \$8 million home on the south shore of Lake Las Vegas. He said these homes are distinguished by their architecture and high-end finishes such as tongue-and-groove barrel ceilings and imported French limestone floors.

Perhaps no segment of the luxury home market is exploding like high-rise condominiums. About 100 projects and some 90,000 units have been proposed or are in various stages of development, though analysts have predicted that only 25 percent to half of them will actually be built.

Home Builders Research President Dennis Smith said the increasing number of luxury condo sales will push new-home median prices higher. He reported 366 high-rise units that closed escrow in November: 97 at Turnberry Place (average price \$823,413); 206 at MGM Residences (\$649,412); 60 at Platinum (\$452,474); and three at Panorama (\$468,900).

"Las Vegas is witnessing an unprecedented transformation into a true urban city to live, work and play," Beasley said.

About a third of the high-rise units under construction are on or near the Strip, including Project CityCenter, Residences at MGM, Cosmopolitan, Sky Las Vegas, Allure, Trump Tower, Panorama Towers and Turnberry Towers.

Although several projects have been canceled or delayed, the high-rise market remains vibrant, with units going for well over \$1,000 a square foot, Lowman said. The traditional luxury home market must compete with this new product, especially for buyers from large metropolitan areas where apartments and condos are the norm, he said.

"There's two types of buyers. One type wouldn't have bought in Las Vegas unless there was a high-rise option," Lowman said. "Another type of buyer, for example, is the retiree who bought a home in Las Vegas and now sees a turnkey property and he doesn't have to take care of a yard or pool."

Lowman said he's seen a change from 2004 and 2005 when most luxury condo buyers were pure investors who intended to sell their units immediately upon completion to buyers who now plan to occupy the residence part time or full time.

Beasley featured a home in Spanish Hills, labeled as one of the finest on the West Coast, on the cover of his market report. Architect Mark Ross Johnson, who drew his inspiration from Frank Lloyd Wright, designed the home, built in 2001.

The modernistic architecture embraces outstanding views of the Strip, Beasley said. "Truly distinctive homes are constructed with great care as to how they sit on their grounds," he said. "They are oriented with the course of the sun and views from the windows in mind."

The 2,500-square-foot master bedroom is almost a home unto itself, Beasley said, with three fireplaces, his and hers closets, exercise room, spa, walk-in shower and patio with a Strip view. A formal living room with wet bar and piano lounge is perfect for entertaining guests.

Asking price for the home is \$10 million.

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