

# IN BUSINESS Las Vegas

## Real Estate and Development

### At least we're not in California

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If you exclude cities on the East and West Coasts, Las Vegas has the least affordable housing among American metropolitan areas, according to a study by [bizjournals.com](http://bizjournals.com).

Las Vegas ranks 16th out of 95 metropolitan areas measured by bizjournals. California metropolitan areas fill out the top five of least affordable cities, and the others include several near the Atlantic Coast.

Las Vegas is slightly more affordable than Seattle and Washington, D.C., and just behind Fresno, Calif., Boston and Miami.

Las Vegas homeowners pay 40.8 percent of their household income for their mortgage payments, with the median payment at \$1,561 a month. That's much better than the San Francisco Bay Area, where households are paying 70 percent of their income for housing. Los Angeles and San Diego are near 70 percent as well, the study said.

In the 25 least affordable areas, only Miami and Fresno have lower monthly mortgage payments than Las Vegas. But what hurts Las Vegas' ranking is that its median household income was a little more than \$4,100 a month. Only Miami and two California cities, Fresno and Stockton, have lower median incomes than Las Vegas.

The study said that Las Vegas residents pay a median property tax payment of \$126 a month; only Honolulu and Fresno residents pay less among the 25 least affordable metropolitan areas.

San Jose, which ranked 91st, had the highest monthly mortgage payment and taxes at \$3,976, but it had the highest income exceeding \$6,300 a month.

The most affordable area was the Georgia and South Carolina border near Augusta, Ga., with 17.4 percent of household income going for housing. The study is available at [www.bizjournals.com](http://www.bizjournals.com).

**Retail forecast:** Marcus & Millichap said it expects retail vacancy in 2007 to remain below 5 percent even though the local economy isn't growing at the breakneck pace of the last three years. Builders are resisting the urge to overbuild with the housing market slowing because of the overheated conditions in the past, the firm reported.

That's expected to result in a significant decline in cash-out refinancing activity, which had been a catalyst in retail spending growth, the firm reported.

With so many tourists accounting for a significant portion of retail spending, the firm reported it expects retail sales to grow 7 percent in 2007,

In the northwest area, which includes Summerlin, tight conditions will enable owners to continue to close the gap between asking rents and effective rents, the firm reported. Asking rents are expected to grow 4.2 percent this year to \$23.26 a square foot, while effective rents may grow 4 percent to \$21.02 per square foot.

The southeast valley should have a slight increase in vacancy this year because of increased construction.

Investors will remain attracted to the region, especially Henderson, which is expected to gain greater attention over the next year. It has the highest rents and is expected to have the greatest growth this year at 5 percent.

"We expect the steady stream of out-of-state capital to continue as investors seek alternatives to higher-priced West Coast markets," the firm said. "In fact, California-based private investors will remain a dominant force in 2007, unfazed by current cap rates in the low-7 percent range."

The firm said property owners will remain hesitant to sell this year as cash flows continue to improve. Private Real Estate Investment Trusts, meanwhile, are taking on a larger role in the market.

- Bridget Richards and Marnie Settle, former partners at Shea Commercial, have left the firm to form New Growth Commercial Real Estate Co. They called it an unconventional real estate company with services that include the sale and purchase of office, retail, land, industrial mixed-use and commercial condos. It also provides specialized marketing services, developer representation, landlord and tenant representation as well as investment properties.
- Speaking of Shea, it announced its development operation is now known as Saxa to reflect its expanded focus on diversified development offerings, including mixed use, industrial/flex, commercial subdivisions, investment properties and mid-rise residential projects. Saxa is the Latin term for rock. The company's brokerage division was recently rebranded as Prudential CRES Commercial Real Estate.

- Venture Corp. has purchased the assets of Huffman Builders West in Las Vegas for \$50.4 million in equity and debt assumption. A 30-year-old Marin County, Calif.-based commercial real estate development company, Venture bought 520,000 square feet of commercial real estate, and its value when construction is completed will be an estimated \$187 million. Las Vegas is the single biggest market for Venture, which in June entered the market with the Venture Commerce Center.
- Nigro Construction has broken ground on phase II of Siena Suites, an extended-stay hotel at 6555 Boulder Highway. The \$21 million phase will add more than 300 units. It is expected to be completed in December.
- Core Construction announced it has completed production of the condominium conversion of Monterey at the Las Vegas Country Club, formerly known as Village Green Apartments. The project began in December 2004.
- SR Construction has broken ground on Poggemeyer Design Group's new 18,000 square-foot corporate headquarters, 6960 Smoke Ranch Road in the Mountain View Professional Business Park. The project is estimated to cost \$5.4 million with a completion date in the fall. Dekker/Perich/Sabatini are the architects.
- T.B. Penick & Sons, a California contractor that is licensed in Nevada, said it has formed a new affiliate design/build construction company, Convergent Inc. It specializes in turnkey services for structural design, engineering and construction of concrete structural frames for low-rise to high-rise buildings.
- Gatski Commercial Real Estate Services has opened a new corporate headquarters at 4755 Dean Martin Drive in Las Vegas.

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