

Buyers gamble on Las Vegas

Canadians take advantage of 'record low housing prices'

By Marty Hope, Calgary Herald October 30, 2010

People from all over the world traditionally visit Las Vegas to gamble -- but now they're also going to get a deal on a home.

The Nevada city is in the spotlight as one of the worst-hit housing markets of the United States due to the economic downturn and the country's mortgage debacle.

The fact that housing prices have dropped is probably the worst-kept secret in the world, says realtor Lydia Clarke of Investment Properties International,

"But what hasn't dropped is the demand for homes," she says. "Buyers from all over are taking advantage of the record low housing prices and homes are selling in record time."

So far this year, more than 60 per cent of homes on the market in and around Glitter Gulch have sold in less than 60 days.

Another interesting aspect of the Las Vegas market is that 45 per cent of the sales were cash deals -- a number that exceeds the market's peak in 2004, says Clarke.

"In my opinion, the current Las Vegas market represents one of the greatest buying opportunities that we have ever seen in real estate," she says.

Prices over-corrected due to the lending crisis, she says -- adding that after a sharp decline in the median housing price from October 2007 to May 2009, prices began to level off.

The median is the middle of the range of market prices.

"As prices began to stabilize, buyers began to flood the back to the market and the market has seen record sales," says Clarke.

There were 3,700 closes in both June and July 2009 -- beating even the previous monthly highs set in the summer of 2004 during the housing boom.

Canadians, particularly those from Calgary and other western Canadian cities, are climbing off flights almost daily to investigate the real estate opportunities available, she says.

"While in the past, many Canadians enjoyed snowbird retreats, in my recent experience, our neighbours to the north have caught the investment bug and are enticed and excited by the extremely low housing prices," says the Las Vegas-born Clarke.

In the real estate world, Las Vegas just might be an anomaly -- leading the United States in both the highest number of foreclosures while having the highest volume of sales.

"Simply put, home values have dropped from their peak in 2005 to as much as half -- and in many cases to less than half of those values," says Clarke.

The August median price for resale home was \$135,000, similar to the same month in 2009 -- but a whopping 56.8 per cent below the August 2006 peak of \$312,250.

In Clark County, which includes Las Vegas, 4,270 homes changed hands in August, down nearly 10 per cent from a year ago.

The deals available in the U.S. are attracting increasing numbers of people, says Jessica Henning, broker/owner of Status International Real Estate.

"Many buyers from around the world are saying that the United States is on sale -- and we agree that there has never been a better time to acquire property," she says, adding that there are plenty of Canadians in that number. "Canadian buyers are looking for both investment properties that provide cash flow, and second homes for their own use."

Henning says Canadians are buying newer properties for an investment of \$80,000 to \$150,000 US and they can get "a fantastic luxury property" starting at \$200,000.

Did You Know?

The percentage of homes purchased with cash continues to approach half of all home sales, says the Greater Las Vegas Association of Realtors.

Cash accounted for 45.4 per cent of all sales in September, compared to 45.9 per cent in August, says association president Rick Shelton.

It may be proof that investors continue to bet with their own money that home prices will eventually rise from today's "bargain prices," he says in a news release. September marked the fifth straight month that both inventory categories showed an increased number of homes listed for sale.

The association reported 5,945 condos and town homes listed for sale at the end of last month -- down one per cent from August and up 14.8 per cent from a year ago.