

## **Low prices, low taxes strong lures for Canadians buying in Las Vegas**

By Felicity Stone, For Post media News May 27, 2011

Canadians have long headed to Las Vegas, for not just sun, casinos and entertainment, but because of deals on flights, accommodation and shopping.

Now they are shopping for real estate deals.

Las Vegas is one of four U.S. cities where average home prices are below their January 2000 levels, according to Standard & Poor's Home Price Indices. In January, Forbes put Las Vegas at the top of its 2010 Worst Cities for Foreclosures report, with one in nine homeowners facing foreclosure. In March, prices were still dropping compared to both the previous year and the previous month, reports the Greater Las Vegas Association of Realtors, despite sales increasing 30.6 per cent for detached homes and 19.5 per cent for condos and town houses from February to March. The median price for properties sold in March was \$125,950 for detached homes and \$61,000 for condominiums and townhouses.

Factor in a high Canadian dollar and property becomes even more affordable. Re/Max agent Nick Nolf says although people from all over the world are looking at Las Vegas real estate right now, Canadians make up more than a third of his clients.

A third of those are from British Columbia, primarily Vancouver, Nolf says. He estimates that buyers from B.C. and Toronto are split evenly between those looking for rental investments and those buying vacation homes for their own use; about 75 per cent of buyers from other areas of Canada are interested in rental properties and 25 per cent in vacation homes. Short-term rental investment properties are less common in Las Vegas because the numerous hotels are an easier alternative for visitors.

Income-generating properties are popular because the current market offers few other investments with a similar return: more than 10 per cent in many cases. Investors generally purchase single-family homes because that's where the sweet spot in the rental market is, says Nolf. Homes can be rented out within weeks, often to people who have lost their own homes to foreclosure. Canadians tend to purchase homes ranging in price from US\$100,000 to \$125,000.

Apart from prices, investors like Las Vegas because of its taxation system - low property taxes, favourable taxation for business, no state income tax - and because it is not known for such natural disasters as tornadoes, hurricanes and earthquakes.

Despite low prices now, a limited land supply could lead to rising prices down the road, says Nolf. "When you're flying in, people say all they see is desert, so they think there's all this land to build on in Las Vegas. We are running out of land, in fact."

Vancouver accountant Coupal Vastouri closed on a three-bedroom, 2,000-square-foot house in Las Vegas on April 14. He chose Las Vegas because most of the residents are working, rather than retired, so rentals are easier to come by than in other resort cities. He looked at about 35 properties in March and started making offers after four or five days.

Although it was a cash sale, he found dealing with U.S. banks a challenge. "They've got so many properties to unload that they're harder to deal with," he says. "The system out here is much different than what it is in Canada. You really appreciate how the Canadian banking system is set up once you deal with people out here."

Terry Houston of Vernon, B.C., purchased four Las Vegas condos in 2010. A residential property manager, he invests in rental properties on the side.

"When I buy a rental property up here, you have to put a whole bunch of money down for each individual property and carry a mortgage on it," he says, "whereas you buy the properties down there for cash for the same amount as a deposit up here and you generally get the same amount of rent, if not a bit more."

He purchased in Las Vegas because he's spent a lot of time there so it is familiar to him, plus it benefits from tourism advertising. And "because of the recession, it was a good opportunity to get in at a low purchase price and ride the upswing," he says.