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## REAL ESTATE: Price of land jumps 78 percent

### Speculation, interest rates help spark increase

By [HUBBLE SMITH](#)  
[REVIEW-JOURNAL](#)

The average price for an acre of vacant land in Las Vegas jumped 78.4 percent from a year ago to \$1.24 million, a local research firm reported.

Brian Gordon, principal of Applied Analysis, said speculation, increased development densities and relatively low interest rates were able to overcome concerns about a potential bursting of the housing and real estate bubble.

Land prices have held steady after doubling in value over the past three years, he said.

"The latest vacant land sales data suggest valuations have held their ground from recent escalations," Gordon said in his fourth-quarter vacant land report. "That having been said, selected areas reported modest declines while others posted respectable gains. We

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continue to believe the mix of properties sold will shift as investors and speculators seek out lower-priced properties."

Loft 5 General Manager Tom Gamble said New York developers of the mid-rise luxury condo project paid less than \$1 million an acre for 10 acres on Pebble Road near Las Vegas Boulevard about three years ago. They recently paid \$2 million an acre for five adjacent acres where a similar project, L5 Lofts, is planned.

"It's a simple supply and demand equation," Gamble said. "There's limited land that's not BLM land here in the valley. You hear lots of conversation about 'somewhere over the rainbow,' but it's not tomorrow. Let's go to Jean and buy five acres. OK, but you've got to hold onto it for a while."

The \$1.24 million figure is based on 142 parcels sold encompassing 588 acres. Gordon noted that the \$280 million Westward Ho transaction on the Strip pushed up the valleywide average. Taking out those 16 acres, the average price per acre was \$782,300, up 24.4 percent from the fourth quarter of 2005.

Continued demand in the commercial real estate sectors also drove land values. Property that is zoned industrial remains limited and in high demand, Gordon said. The office market is reporting its most robust level of new construction in years, nearly 4 million square feet, likely outpacing office demand.

Vacant land suitable for neighborhood shopping centers may experience more normalized asking prices as high-density residential and mixed-use projects are not going to be feasible in every location that's been entitled or proposed, he said.

Land speculators are backing off to see what happens with land prices in Las Vegas, Paul Chaffee of Nevada Title said. He's interested in seeing



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how the Bureau of Land Management's public auction goes on March 7, when 11 parcels totaling 46 acres are offered for sale. The appraised fair market value for the BLM land is \$20.8 million, or \$449,405 an acre.

Most of the parcels are smaller 2.5-acre and 5-acre sites. Bidders mostly passed over those sizes at last year's BLM auction as they were zoned for rural neighborhood preservation, or no more than two homes per acre. Those that did sell averaged \$409,000 an acre.

"It all depends where the piece is," Chaffee said. "Some of those prices are on the (Las Vegas) Boulevard and they're going to go for more than northwest Las Vegas or North Las Vegas. It's \$3 million an acre on the South Strip."

Gamble of Loft 5 said the 35-acre public automobile auction property across Las Vegas Boulevard sold for \$40 million nine months ago and the new owner wants \$250 million for it.

"But you've got to remember he hasn't sold it to anyone yet," he said. "The operative word here is 'wants.' "

**VACANT LAND PRICES**

	Fourth quarter 2006	Third quarter 2006	Fourth quarter 2005
<b>ALL LAND TRANSACTIONS</b>			
Parcels sold	142	193	338
Acres sold	588	881	1,802
Price per acre	\$1,238,100	\$1,191,700	\$694,000
Price per square foot	\$28.42	\$27.36	\$15.93
Year-over-year appreciation	78.4%	68.3%	33.3%
<b>PRO FORMA EXCLUDING RESORT PROPERTY</b>			
Acres sold	572	854	1,778
Price per acre	\$782,300	\$524,500	\$628,600
Price per square foot	\$17.96	\$15.32	\$14.43
Year-over-year appreciation	24.4%	8.9%	38.5%

SOURCE: Applied Analysis

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