

HOUSING MARKET: Bubble not on LV horizon

Home prices continue on record pace

[By JENNIFER ROBISON](#)
[REVIEW-JOURNAL](#)

Despite numerous predictions of bubbles and woe, the Las Vegas housing market is poised to pull off yet another record year.

New numbers from real estate research firm SalesTraq show 85,074 closings on new and existing homes in the Las Vegas Valley from January to November -- a tally that already surpasses the 84,595 units sold in all of 2004.

Local builders closed on 34,631 units through November, a 17.7 percent improvement on the 29,187 homes they sold in 2004. The median price those homes are commanding rose to \$303,903, up 5.4 percent from \$288,447 in November 2004.

The valley's homeowners sold 50,443 existing houses through November, down 2.3 percent from 2004's total, though the median price among resales is up 12.9 percent year over year, from \$247,945 in November 2004 to \$280,000 last month. The average number of days a resale home spends on the market is also up slightly, from 41 days in November 2004 to 45 days last month. The number of sellers getting their full asking price is the same year over year, at 98 percent.

Larry Murphy, president of SalesTraq, said the local market has stabilized following its burst of appreciation in 2004, when housing prices rose more than 50 percent.

"Demand (for homes) has been relatively constant, though we do have a lot more inventory than we had on average last year," Murphy said. "With that inventory, prices have reached a plateau."

Though median prices are up year over year, condominium conversions have helped moderate cost increases in recent months, Murphy said.

Developers sold 849 condo conversions in November, nearly a quarter of the 3,824 new units sold marketwide. Those condo conversions carry a median price of \$171,940, and that has helped keep new homes at a median of about \$300,000 for the past three months. Murphy also credits condo conversions with reining in resale prices: The first conversions that came on the market in 2004 are starting to hit the existing-home market, where their lower prices may have helped pare the resale median from \$284,000 to \$280,000 since September, he said.

Murphy said he doesn't expect the valley to remain on its present plateau for long. He noted that a similar leveling-off of price increases occurred in 2004, when the resale median parked at about \$250,000 from July to December.

"It took a while to digest the lump in the snake, after we gorged ourselves in the first half of 2004," Murphy said. "It took almost six months to absorb that in the second half of the year, but once we did, sales came back strong this year."

Murphy said he sees the same stabilizing phenomenon occurring now. The result: more price jumps in 2006.

"Barring any catastrophic events, I would say the resale median will be over \$300,000 a year from now," Murphy said.

Local Realtors agreed with Murphy's assessment of the market's high plateau.

Bill Berning, broker of the Bill Berning Team at Prudential Americana Group, Realtors, said his sales agents are fielding a steady stream of phone calls from out-of-state buyers looking to move to Las Vegas, as well as local homeowners seeking to trade up equity to a bigger home or downsize to a more manageable property.

"All of my sales associates are busy showing (properties), and all of the listings we have are getting activity," Berning said. "We are getting offers on our listings. It's been a very good, consistent year."

Berning said the only factor that could slow the market in 2006 would be noticeable increases in interest rates by the Federal Reserve -- increases he said he didn't see on the horizon.

"I do believe we'll see continued demand and appreciation that's not going to be as aggressive as we had in 2004," Berning said. "We're still going to see good interest in our market."

Bette Leal, broker-owner of Century 21 Consolidated, said ongoing in-migration should continue to bolster the valley's real estate market.

"As long as 5,000 people move here every month, we're going to have a healthy market," Leal said. "It's all about supply and demand."

New home median price

2004	2005	Percentage difference
\$207,465	\$290,551	40.0
212,897	283,695	33.3
228,634	286,000	25.1

235,450	286,490	21.7
239,145	293,570	22.8
244,263	292,482	19.7
241,990	292,250	20.8
262,447	292,573	11.5
281,082	301,050	7.1
279,488	297,289	6.4
288,447	393,903	5.4

Existing home median price

2004	2005	Percentage difference
\$180,000	\$250,750	39.3
190,000	260,000	36.8
203,000	263,750	29.9
216,000	268,050	24.1
230,000	270,000	17.4
242,000	273,000	12.8
249,900	280,000	12.0
249,950	280,000	12.0
249,000	284,900	14.4
249,900	282,000	12.8
247,945	280,000	12.9