

© THE APARTMENT INSIDER

2008 by Michael Belnick. All Rights Reserved

SUMMER 2008

Vol. 14 Issue 3

MICHAEL BELNICK

APARTMENT MARKET SPECIALIST

Web Site: www.mbelnick.com

E-mail: mike@mbelnick.com

BYLINE

WE ARE DEAD IN THE WATER

And if you believe that this city of 2 million with the world's largest resort combine is just going to disappear, than I need to find a new place to live and work.

When were doing good, we hit every list in the world as doing good. Now that we are doing really, really bad, we have made every list again. Has anyone ever heard of the saying "buy low, sell high" It is just now Las Vegas has reached the everyday world of the good and the bad, but the forecast for this city is still strong, just not as strong as expected. The numbers

for any type of real estate business today is just horrible and probably going to get worse. We are just now hearing about the next layer of problems, which includes bank failures, hedge fund issues and hard money

HELP
I AM AGAIN ASKING THOSE OF YOU THAT HAVE EMAIL ADDRESSES TO PLEASE PROVIDE THEM SO I CAN FORWARD MY NEWSLETTER TO YOU AND SAVE ON MY MAILING COSTS.
MAIN BENEFIT TO YOU:
YOU GET IT FASTER AND WE USE LESS PAPER.
MY EMAIL ADDRESS IS MIKE@MBELNICK.COM
(Please include your name)
THANK YOU

lenders. Tried to get a loan lately for anything? Remember the RTC

(Resolution Trust Corp.) in 1990? The only product that is absolutely not totally collapsing yet is apartments. Yes, the market is very slow, but the vacancy issue hasn't reached a critical stage like it is in office, retail and industrial.

People always need a place to live. But one issue that has not arisen yet that did in the 1990's recession is rental vacancy, whereby renters were doubling up or moving back home. That was a killer in the early 90's. Therefore, keep your tenants happy with decent product and competitive pricing.

FAST FACTS

Las Vegas Strip

As of June, 2008 Y-T-D

Visitor Volume

19,510,788 Down -0.5%

Room Inventory

136,583 Up 2.5%

Conventions Attendance

3,695,557 Up 0.2%

Occupancy Levels

89.3 Down 2.0%

Weekends 91.6% Down 3.0%

Total Room Nights

22,003,815 0%

Gaming Revenues

\$3,195,370,000 Down 5.2%

Clark County

\$5,132,645,000 Down 5.1%

Airline Passengers

22,932,080 Down 3.2%

Daily Auto Traffic

81,469 Down 4.6%



APT SALES 2nd QTR, 2008 COMPARSION Y-T-D

FOUR PLEX	2006	2007	2008	%CHG
# OF BLDG	213	106	95	-10%
# OF UNIT	852	424	380	-10%
\$ VOL. MIL	\$92.4	\$46.2	\$33.5	-27%
PRICE UNIT	\$108.4 THOU	\$108.9 THOU	\$88.3 THOU	-19%

FOUR PLEXES:

Only 22 of the 95 sales was true retail. 48 or 51% were repossessions, 14 were purchased repossessions and 11 were targeted sales for a particular area. For the months of May & June the repossessions was over 72% of the total sales. And it is getting worse. The July, 2008 numbers basically were all repo's and a few purchased repo's. It is very hard to value a retail sale in this climate when competing with REO's and short sales.

100+ UNIT	2006	2007	2008	%CHG
# OF BLDG	29	26	7	-73%
# OF UNIT	9038	8059	1489	-82%
\$ VOL. MIL	\$927.3	\$892.5	\$148.8	-83%
PRICE UNIT	\$102.6 THOU	\$110.8 THOU	\$99.9 THOU	-10%

100+ UNITS:

There has been two problem properties that were picked up really quickly. According to a recent article I read, the majority of sales are cash, assumptions or seller financing. The really only lender out there is Fannie Mae and Freddie Mac with decent terms.

5-99 UNIT	2006	2007	2008	%CHG
# OF BLDG	40	26	19	-27%
# OF UNIT	997	637	411	-35%
\$ VOL. MIL	\$82.3	\$50.3	\$32.3	-36%
PRICE UNIT	\$82.8 THOU	\$78.9 THOU	\$78.7 THOU	0%

5-99 UNITS:

The values have not dropped, but the volume has. Trying to get any kind of non-owner occupied loans are extremely difficult today. By the time a lender qualify's a project and the borrower, the down payment becomes unrealistic. There have been a few problem properties, but they are generally not well located properties. With vacancies climbing, it will be interesting to see what happens.

TOTAL SALES	2006	2007	2008	%CHG
# OF BLDG	282	159	121	-24%
# OF UNIT	10887	9121	2280	-75%
\$ VOL. BIL	\$1.1	\$990.1	\$214.7	-78%
PRICE UNIT	\$101.2 THOU	\$108.6 THOU	\$94.2 THOU	-13%

TOTAL SALES:

Prices have dropped due to only dealing with motivated sellers being in this market place (like bank REO'S). That has also affected volume due to the lending restrictions now in place. What is your property worth? Whatever a buyer is willing to pay. Very true in today's market.

LOOKING IN ON: CITY HALL:

Las Vegas putting slumlords on notice

By [Sam Skolnik](#), Las Vegas Sun, Fri, Jul 25, 2008

The Las Vegas City Council is trying to deliver a message to slumlords and owners of abandoned property: We will no longer tolerate you.

At its most recent meeting, on July 16, the council slapped three property owners with \$500-a-day civil fines for abandoned or neglected rental properties in the 6200 block of Bellota Drive, near Lake Mead and Jones boulevards.

The properties have become blighting influences, the council concluded.

That area is being targeted by Metro Police and the Southern Nevada Health District in an effort to improve living conditions.

The council, according to officials, plans to use the “full weight” of civil penalties on such neglectful property owners until they clean up their sites or sell them to owners who will. Those owners are increasingly banks.

The council toughened the law in 2005 when it added daily civil penalties to try to control neglected properties. Such sites can destabilize neighborhoods by attracting vandalism and more serious crime.

And things have been getting only worse because of the recent glut of foreclosures.

The council has several civil penalties to choose from when given evidence of neglectful property owners, ranging from a warning upon a first failed inspection and a one-time \$120 fine after a second, all the way to a \$1,000 penalty if a commercial property fails a fifth inspection.

Daily civil fees are charged at the council’s discretion.

← HEARD ON THE STREET: →

JUNE, 2008

**Apartment Vacancy Survey
(100+ unit complexes)**

By CB Richard Ellis, Las Vegas

Overall = 8.24% ↑

Class A = 7.40% ↑

Class B = 8.58% ↑

Class C = 8.60% ↑

2006 Y-T-D Average = 5.21%

2007 Y-T-D Average = 7.68%

This survey covers over 68% of the total units of 100+ buildings.



THE YESTERYEAR LAS VEGAS USED TO HAVE A LOT OF CHARTER AIRLINES COMING INTO HERE. PER THE EXECUTIVE DIRECTOR, RANDY WALKER, SEVERAL YEARS AGO ALMOST 10% OF AIR TRAFFICE COMING INTO VEGAS WERE CHARTERS. WELL, TODAY, IT IS LESS THAN ONE (1)% WITH THE CHANGE OF OUR ECONOMY TODAY LOOK FOR THE CHARTER BUSINESS TO INCREASE. THE OPERATORS OF THE RESORTS ARE NOT GOING TO JUST STAND STILL WAITING FOR PEOPLE TO SHOW UP.

The City of Las Vegas is trying to keep it’s neighborhoods looking good. Due to the high number of foreclosures and neglected properties, the City is starting to fine owners up to \$500 per day for violations. They have started with 3 four plexes on Bellota Drive. See Article above.

© The Apartment Insider



Presorted STD
U.S. Postage
PAID
Permit No. 1750
Las Vegas, Nevada

10220 W. Charleston Blvd, Ste 3
Las Vegas, Nevada 89135
Phone: 702-933-7108
Fax: 702-940-9601
Toll Free 800-346-5103
E-mail: mike@mbelnick.com
Web Site: www.mbelnick.com

ADDRESS SERVICE REQUESTED



APARTMENT MARKET
SPECIALIST

L
A
S
V
E
G
A
S
T
I
B
I
T
S

ONE OUT OF 11 HOMES IN NEVADA

The number of foreclosures estimated for 2008-2009

The estimated numbers are 28,783 homes.

Vs. California

1 out of 20

The estimated numbers are 228,133 homes

According to: Pew Center on the States

Per LV Visitor and Convention Bureau:

As of fiscal year end, June, 2008, Las Vegas gambling revenue was down 1.85%, the first decrease since 2002 (Due to 9/11).

The average room rate dropped 16% to about \$113, also since 2002.

Per the Tax Foundation:

Nevada is the second lowest for state and local tax burdens at 6.6%.

Vs. California at 10.5%, the sixth highest.

The highest was New Jersey at 11.8% and lowest was Alaska at 6.4%.

Per Akmai Technologies: Nevada is #3 in list of top states for internet connections behind Delaware and Rhode Island.