



Last updated: October 26, 2009 01:42pm

Land Brokerage Firm Adds Vegas for Clients

By *Brian K. Miller*



Lal

LAS VEGAS-The Hoffman Co., a longtime land brokerage firm from California has opened a local office here to help banks looking to get delinquent or foreclosed properties off their books. It already has gotten a taste, recently brokering the sale of a dozen new homes that had been foreclosed on J.P. Morgan and Bank of America, which the company has helped unload REO properties in California, and is currently marketing 261 improved lots for Interwest Capital and 24 acres of raw land for Key Bank.

Cameron Fowler, one of four Hoffman brokers licensed to do business in Nevada, says there has been a "tremendous shift" in Nevada's land market over the past few months. "It has always been more difficult to acquire property in Nevada because most of it was owned by the government and a handful of master planned communities," he says. "But recent foreclosures have returned those distressed assets to the lenders. Now there is a whole host of new land owners who are eager to sell that property."

Hoffman contends that land is changing hands in Las Vegas at a faster pace than at any time in the past three years, that almost all sellers in the market are now institutional lenders or community banks with REO property. Moreover, Hoffman says prices are inching upward, something it believes is "a strong signal" that the city's housing market has hit bottom and is starting to recover.

"There is a big misconception out there that the land market in Las Vegas is dead and all the homebuilders have gone away," said Aman Lal, one of the other Hoffman brokers licensed in Nevada. "In fact, what's happening now is just the opposite. The supply of finished lots is diminishing rapidly and builders are clamoring to snap up what's left so they won't be forced to buy raw land."

While Lal says there are still a lot of foreclosed homes on the market as well, he adds they are difficult to but unless one has cash to purchase the property and afford the improvements. "So most of the buyers are private investors who want to rent or flip the homes for profit," he says. "That's why there is demand out there for new homes by people who need a loan to buy a house. Developers know that and they're getting ready to start building here again."

Applied Analysis, a locally based business research and advisory that tracks the local real estate market has yet to put out its third quarter land report. In its mid-year report, it found that prices for vacant land in the Las Vegas valley are reporting less volatility in recent quarters and that much of the transaction volume was sourced to foreclosure activity. Sales volumes increased compared to the previous quarter and the same period of the prior year, while average pricing rose 6.2%.

The market reported 395.4 acres being transferred in the second quarter, up 40.6% from the previous quarter (Q1 2009) and up 77.2% from the same period a year ago (Q2 2008). Trustee sales and deeds in lieu of foreclosure transactions represented a significant share of total activity, according to the report, suggesting banks are taking back more property than they have in the past. Through the first six months of 2009, a total of 676.6 acres changed hands-- a 42.4% increase compared to the first six months of 2008.

Applied Analysis principal Brian Gordon predicted that near-term improvements in the vacant land market are unlikely, particularly with distressed transactions representing an above-average share of the total. AA project manager Jake Joyce adds that while real estate has historically been an investment strategy on the radar of many, current fundamentals provide limited upside outside of deeply-discounted opportunities. "Significant holding periods, which will be measured in years not months, will be programmed into the majority of pencil-ready transactions, which ultimately translates into lower residual land values," he concludes.