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Another development bites the dust

Office closed, sales halted for Urban Village on Strip

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[REVIEW-JOURNAL](#)



A sign seen Thursday marks the site of the 50-acre Urban Village. Several sources in the local real estate industry said the \$1 billion project by Centex Destination Properties has been canceled.

Photo by [John Gurzinski](#).

Like other mixed-use developments in Las Vegas touted as the newest hip place to "live, work and play," Urban Village on Las Vegas Boulevard South has apparently crumbled before it ever took shape.

Several sources in the local real estate industry said the 50-acre, \$1 billion project by Centex Destination Properties, a resort-style subsidiary of Dallas-based Centex Homes, has been canceled and the sales office is closed.

The on-site construction

office for Centex Construction and Martin-Harris Construction was locked, dark and vacant Thursday afternoon. A banner on a recreational vehicle parked on the property advertised, "Now Selling Brownstones."

Lane Wright, division president for Centex Destination in Denver, confirmed Thursday that the company has discontinued sales at

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Urban Village effective immediately and will refund deposits to about 75 buyers in the first phase of development.

The decision was made after an extensive review that considered projected capital costs and current market conditions, Wright said.

"We believe this is a unique piece of property that is well-suited to Las Vegas and the south Strip," he said. "Interest from buyers in our first phase of development was encouraging, although it fell short of Centex's internal presale requirements. Given this, it was necessary to allocate our resources elsewhere."

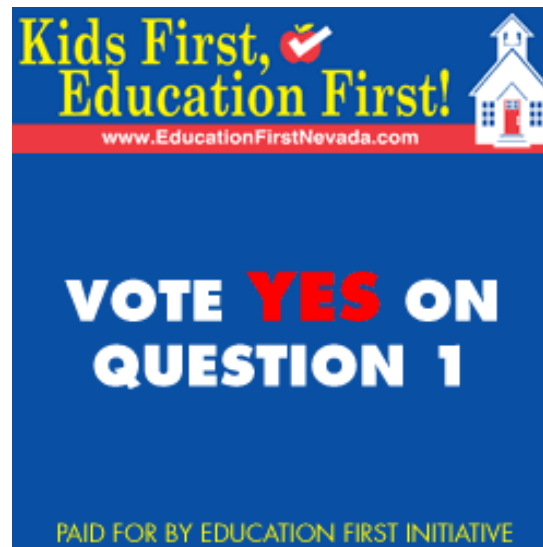
Centex is among many national home builders with excess inventory who are selling their land holdings and cutting back on new home construction to improve their balance sheets.

"No surprise, and we expect more to come," Bruce Hiatt of Luxury Realty in Las Vegas said about the canceled project.

Centex started grading and infrastructure work during the summer for the first phase of "brownstone" homes, four-story condos modeled after the type of homes found predominantly on the East Coast. Reservations were taken on the more than 300 units, which were priced from \$360,000 to \$760,000.

The mixed-use project was to eventually have commercial businesses such as dry cleaners and postal services, restaurants and boutique retail. A condo-hotel was also planned.

In April 2005, a mile-long motorcade of construction trucks and heavy equipment made its way down Las Vegas Boulevard to Urban Village in a publicity stunt by investor Philippe Pageau Goyette, who acquired the land for \$35 million after dissolving his partnership with Manhattan condo developer Alex Edelstein. Construction was scheduled to begin in June 2005.



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Pageau Goyette, also the developer of Club Renaissance, which has yet to begin construction in downtown Las Vegas, said Urban Village would target young professionals and empty-nesters looking to enjoy the Las Vegas lifestyle. He handed out rose-colored sunglasses at the groundbreaking event so everyone could see the project in the same light. Late last year, he sold the land to Centex Destination.

Centex paid about \$38 million for 15 acres with an option to buy the rest, putting down a significant deposit on the land, Centex Destination Vice President Tom Jacobson told the Review-Journal in July.

"Because it's the south Strip and infrastructure is so far away and given current market conditions, it's making it tougher and tougher for builders to succeed," Hiatt said. "The barrier to entry has gotten so high that any new projects coming into the market are going to be challenged."

Buyers are skittish about the market and are just waiting it out, he said.

The pool of luxury condo buyers is large, but they're more skeptical about projects in Las Vegas, said Jeremy Aguero, principal of Las Vegas-based research firm Applied Analysis. It's unrealistic to think the market can absorb the entire inventory of some 90,000 proposed units, he said.

"I don't think it's going to be the last major project we see fall off the radar," Aguero said. "You've got a well-positioned, well-capitalized company in a well-located part of Southern Nevada. If that project had trouble making it, how many others are viable? These guys (developers) have a pipeline of projects and the market has changed. The market's not there."

Among the larger mixed-use developments that failed to materialize in Las Vegas are The Curve in the southwest valley, Las Ramblas on Harmon Avenue and the Village at St. Rose Parkway.

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