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LIVING LARGE, BY THE MONTH

Some observers see rental market changing as luxury condos arrive

By HUBBLE SMITH

REVIEW-JOURNAL



Susan Rubin-Yehros of Royalty Realty shows the view from a unit in tower three at Turnberry Place that she is listing for rent. Turnberry Place has 11 units for lease.

Photos by [K.M. Cannon](#).



The kitchen of a unit in Turnberry Place's tower three is shown Tuesday. Some real-estate observers

Trendy, New York-style loft living in downtown Las Vegas will run you \$2,950 a month for a two-bedroom, 1,584-square-foot condo, cheap by New York standards but charting frontier territory in Southern Nevada.

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expect overall rent prices to rise locally as luxury rental residences multiply.



Some real-estate sellers think Strip views, such as this one from Turnberry Place's tower three, will be a big selling point to luxury renters.

That's the advertised rent for a unit at SoHo Lofts, the first high-rise project to be completed in the downtown area at Las Vegas Boulevard and Hoover Avenue.

It's targeted for residents who prefer a cosmopolitan lifestyle with freeway access, views of the Strip and mountains and the amenities of a luxury high-rise, including a rooftop pool, fitness center, sauna, Jacuzzi and 24-hour doorman.

The luxury rental market in Las Vegas has been limited to custom executive homes in upscale master-planned communities, a few midrise apartments such as Vegas Towers and the 30-year-old Regency at Las Vegas Country Club.

That's changing as more high-rise and midrise condo projects are completed and investors dump their units onto the rental market.

"It just wasn't available before. That's the difference," SoHo developer Sam Cherry said. "You're going to see it hit the \$4,000 and \$5,000 mark. Some people are willing to pay it."

Turnberry Place, closer to the Strip on Paradise Road, is getting the highest rents, including a three-bedroom, 2,800-square-foot condo on the 26th floor of tower three for \$10,000 a month, fully furnished. It's among 11 units for lease at Turnberry.

Susan Rubin-Yehros of Royalty Realty is listing a three-bedroom condo on the 11th floor for \$6,000 a month. Her client is a New York investor who has friends and relatives in Las Vegas and thought he'd be visiting more often, she said.

"At night, it's beautiful with all of the lights. That's the big selling point," she said.

The unit has a list price of \$1.5 million, or \$534 a square foot, though Rubin-Yehros said the owner prefers to lease it until the market changes. She has another unit in the building strictly for sale.

People who rent at Turnberry could be from out of town, but own a business or have an office in Las Vegas, she said. Others may be waiting for a home to be built. One of her clients rented at Turnberry simply so their daughters could play golf at championship courses through the Stirling Club's reciprocal membership program.

Many of the units at SoHo downtown, Metropolis on Desert Inn Road and Manhattan on the south Strip are being listed for resale or rent the day they close escrow, Larry Murphy of housing research firm SalesTraq said.

Manhattan, which had its first closings in July, advertised units starting at \$150,000. Gemstone Development is now reselling a one-bedroom, 870-square-foot unit for \$318,000, or about \$365 a square foot, and a 1,450-square-foot loft for \$449,000, or \$309 a square foot.

A two-bedroom, second-floor condo at Manhattan is offered for six-month or one-year lease at \$1,600 a month plus deposits. The owner is a licensed real estate agent in Nevada.

"People that bought in the initial phases of midrises and high-rises bought as speculators and never had any intentions of occupying the place," Murphy said. "They bought with the intention to flip it. It's just adding to the already huge inventory."

Look for Las Vegas rents to climb as luxury condos hit the market. The average apartment rent in the second quarter is \$844 a month, up 5.5 percent from a year ago, Carl Sims of Hendricks & Partners reported. Reports from several brokerage firms project further rental rate increases as 6,000 to 7,000 new residents continue to move to Las Vegas each month.

"The high-rise market is very global and increasingly so," Bruce Hiatt of Luxury Realty Group said. "The major trend we are now seeing, however, is when a buyer relocates to Las Vegas, our agents are now being asked to show them both residential homes and high-rises on the Strip, downtown and south Strip as part of their analysis."

Cherry said most of the residents moving into SoHo are owners, but a few will be renters.

"That's just part of the new market," he said. "Investors come in first and see an opportunity. We saw a lot of people interested in getting to the end product and living there. They don't want to wait around for two

years to live in something or the timing wasn't right and now the timing is right."

Plenty of people who are accustomed to a regal lifestyle come to Las Vegas and don't want to commit to buying a house, so they'll opt for renting, Cherry said. It won't have much affect on apartment rents because few units are going for \$2,000 and \$3,000 a month, he said.

"No one knows where the market is," said Alex Edelstein, president of Gemstone. "Other cities have a large stock of luxury and high-quality rentals. Las Vegas had very few. There's a ton of pent-up demand in Las Vegas by thousands of people who were forced to rent a single-family home in a tract somewhere when they would rather have the lifestyle and convenience of a luxury condo rental."

Sims said people buying upper-end condos are either investors who plan to flip the unit or extremely wealthy individuals who are buying it as a second home. He said he has a client who makes \$60 million a year looking to buy a place near the MGM Grand as a second home.

"We're not seeing them buy to rent," he said. "There's not an open market of people willing to pay \$2,500 to \$3,000 a month. That's not typical here in Las Vegas. That's still a lot of money."

Investors who lease a unit for \$3,000 a month, or \$36,000 a year, would get a 10 percent return on a \$360,000 unit, and to get those kind of rents, they're going to have to pay a lot more than \$360,000 for the unit, Sims said.

After expenses such as mortgage, homeowners association fees, taxes and insurance, owners could end up with a negative cash flow, he said.

Sims' expertise is in apartment conversions. He got calls from investors who wanted to buy 10 of the Monterrey Villa conversions at Las Vegas Country Club. Looking at the \$170,000 price, he realized they would have to rent for \$1,300 to \$1,400 a month, which is too high for something that old, he said.

Murphy of SalesTraq said a lot of Realtors bought at SoHo and Manhattan, hoping to flip the units for a \$100,000 profit like many of them did a couple years ago with single-family homes.

"I don't think they'll be so lucky this time," Murphy said. "We're in

chapter two of the high-rise story and some of the people that bought them may be in Chapter 11 (bankruptcy) before we're through."

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