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## Home prices take a big hit

By [Brian Wargo / Staff Writer](#)

The median price of a Las Vegas home in September fell to its lowest point since January 2005 and recorded the biggest one-month decline at nearly 5 percent since the market peaked 15 months ago.

The \$14,240 price drop to \$285,750 in September is \$29,250 below the peak of the market of \$315,000 in June 2006, according to the latest statistics from the Greater Las Vegas Association of Realtors.

That's a drop of 9 percent, further evidence of a market correction in which buyers are clearly on the sidelines.

"The price drops are a concern because we have a situation where buyers are very cautious, and sellers are forced, with as much competition as there is out there, to do what they can to move their property," said Devin Reiss, the Realtors' president. "It's typical until buyers feel more confident and there is less competition out there. This is a reality right now."

There were 990 homes sold in September, a drop of nearly 25 percent from August and a 43 percent decline from September 2006.

The statistics cover properties listed on the Multiple Listing Service, which primarily includes for-sale homes in Southern Nevada.

The median price of townhomes and condos also tumbled in September, dropping 8 percent to \$175,000.

That's 12.5 percent below the price in September 2006. The number of sales in September fell 25 percent from August and 51 percent from September 2006.

The negative numbers reflect the credit crunch taking hold and preventing a large number of buyers from obtaining financing to purchase a home.

"Without money, this market is going into a freefall," said Chris Thornberg, a Los Angeles-based economist who tracks the Las Vegas housing market. "There is no demand out there and people are realizing that if they want to sell their house, they have to cut their price."

Thornberg said that, because of that dynamic, he continues to predict the Las Vegas housing prices will fall as much as 25 percent from their peak.

Under his predicted scenario, median prices would fall to as low as \$236,000.

The growing number of foreclosure filings also fuels falling prices, said Brian Gordon, a principal of Applied Analysis, which tracks the housing market for the Nevada Association of Realtors.

### Going down

The number of single family residential units sold in a one-year span has dropped, as have the median and average prices of the sales.

#### Number of units sold

Sept. '06	1,739
Aug. '07	1,316
Sept. '07	990

#### Median price of units sold

Sept. '06	\$310,000
Aug. '07	\$299,900
Sept. '07	\$285,750

#### Average price of units sold

Sept. '06	\$377,969
Aug. '07	\$382,671
Sept. '07	\$352,137

Source: Greater Las Vegas Association of Realtors

Given the foreclosure and high inventory, prices should continue to fall, Gordon said.

"I think it will continue until there is more of a balance," he said. "And when you have 40 foreclosures per day, it is difficult not to have downward pressure on prices."

Las Vegas housing analyst Steve Bottfeld continued to maintain an upbeat perspective on the state of the market.

Bottfeld said the most important news gleaned from the September stats weren't the drops in price or sales, but the decline in inventory for the first time in nearly a year.

There were 24,218 single-family homes on the market, a drop of one-half of 1 percent from August. The number of new listings at 4,735 was down 18.5 percent from August.

"It is not going to be popular and people are going to scream what the hell am I talking about, but we are finally seeing some positives in the market," Bottfeld said. "I think we are touching the bottom."

Bottfeld said the decline in inventory is a reflection of where the market is today whereas sales and price decline are more of an indication of where the market was 60 to 90 days ago because of the length it takes sales to close.

Activity is picking up and Bottfeld said he expects prices to hold steady until the market rebounds in the second quarter of 2008.

In addition to the credit crunch, which should improve, Bottfeld said some of the declines are seasonal, especially with the opening of school.

Las Vegas housing analyst Dennis Smith said the numbers show what he expected — that the fourth quarter would be the weakest of the year. He said the drop in inventory shouldn't fool people because he said it's a reflection of people taking their homes off the market. People are waiting in the wings to list their homes once they see buyers in the market, he said.

"What's driving the drop is what's been driving it all year," Smith said. "There is a lack of confidence in the real estate market. The word is out that if sellers are serious about selling, they know they have to cut prices."

That's showing up in new listings as well where prices were down 1.6 percent from August and 8.7 percent from September 2006.

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