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Survey finds industry officials still bullish on local real estate market

By Tony Illia

A recent survey conducted by Restrepo Consulting Group LLC and McDonald Carano Wilson LLP reveals that members of the commercial real estate industry are still optimistic about Southern Nevada's economy and market conditions. The findings were released at the bi-annual Fall Trends Commercial Real Estate Symposium held at the Four Seasons in Las Vegas.

The survey revealed 38 percent of the respondents identified the lack of land availability as the predominant issue impacting their businesses. Respondents indicated that while they think the supply of land is limited, most are planning to purchase more land in the upcoming year. Of these, 38 percent believe land prices will stay relatively flat over the next 12 months.

"The survey indicates to us that at this point in time the real estate community feels relatively comfortable with the market," said John Restrepo, principal of Restrepo Consulting Group. "This comfort level is supported by the recently reported employment data that suggest we still have a relatively healthy economy."

In addition, the survey found that while most of the respondents expect to see an increase in office, industrial and retail prices and rents, they are still anticipating a before-tax profit of 10-20 percent. Meanwhile, 62 percent of respondents said that they plan to expand their company; 38 percent said the most effective way to improve profitability is sales/marketing; 34 percent indicated they expect to see a 3-4 percent price/rent appreciation during the coming year; 69 percent of respondents expect office prices/rents to increase; 86 percent anticipate industrial prices/rents to increase; and 66 percent indicated that retail prices/rents to increase.

"Our survey clearly indicates that despite challenges, the majority of respondents are confident in the market," said George Ogilvie, McDonald Carano's managing partner. "The survey findings were in line with what we have been seeing in the industry as a whole."

The survey was distributed to 1,500 developers, lenders, contractors, brokers, landowners and investors working in the commercial real estate industry in Southern Nevada. Twenty-eight percent of respondents were brokers; 22 percent were developers; 20 percent were contractors, landowners, investors or lenders; and 30 percent did not fall into any of these categories.