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Q+A: Why investor is sure buyers will seek out his southwest valley condos

Park House, a three-story, 83-unit condo complex on Flamingo Road, between Durango Drive and Fort Apache Road, in the southwest valley.

By **Eli Segall**

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During the boom years, it seemed everywhere you looked in Las Vegas a developer was planning an upscale condo project.

Towers and other buildings opened as easy money sloshed around, and buyers flipped condos with ease. But when the economy crashed, construction sites were abandoned and plans died on the drawing board.

Lorne Polger is co-founder of real estate investment firm Pathfinder Partners, which last month acquired 39 units in Park House, a three-story, 83-unit condo complex in southwest Las Vegas.

High-end condo developments still appear non-existent today, even as the housing market overall is on the mend. And that's good news for investors like Lorne Polger, who's betting he can buy condos in bulk and sell them off amid a dearth of new competition.

Polger's company, San Diego-based Pathfinder Partners, last month acquired 39 units in **Park House**, a three-story, 83-unit condo complex in southwest Las Vegas, for $7.7 million cash. That followed its acquisition of 64 units in Sky Las Vegas, a 45-story north Strip condo tower, for about $18 million cash in September.

Polger plans to initially lease out the units in Park House but eventually sell them, perhaps starting in a few years, and to launch sales efforts at Sky in the next few months.

Park House, for one, is a formerly mothballed, foreclosed property on Flamingo Road near Durango Drive. It boasts an underground garage, multiple pools, stainless steel appliances, a yoga studio and a sauna — a property that, for its size, is "ridiculously overamenitized," Polger said.

"You would never build a project like this (today)," he said. "It makes no sense."

KRE Capital partner Uri Vaknin, whose group in 2013 bought nearly 1,300 units in five Las Vegas complexes for $237 million, said he's selling condos in One Las Vegas, a two-tower property about four miles south of the Strip, for around $250 per square foot. To build a project like that today, he said, a developer would have to sell units for at least $400 per square foot — meaning a 1,500-square-foot unit would cost at least $600,000.

The median sales price of high-rise units last year in Southern Nevada was $273,375, according to the Greater Las Vegas Association of Realtors.

Lenders are backing **apartment projects** amid rising rents and sliding vacancy rates, but as Vaknin sees it, they won't touch a condo development.

"Nothing's going to get built," he said.

According to the GLVAR's resale-heavy listing service, 3,700 condos were sold in Southern Nevada last year, at a median price of $85,000; 632 high-rise units were sold; and 30,900 single-family homes were sold, at a median $215,000.

Single-family homes comprised 82 percent of sales through the listing service; condos, 10 percent; and high-rise units, 2 percent. The sales ratios have been largely the same since 2012, GLVAR data show.

Polger's properties likely would draw different buyers — Park House would probably get more locals than Sky, which seems poised to draw more out-of-towners buying crash pads for Las Vegas getaways. Prices in Sky would likely be higher, as well.

Polger spoke with VEGAS INC recently about the condo market. Edited excerpts:

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What drew you to Park House?

I followed it for a long time; we tried to buy the loan on the property when it was still held by the original developer. They were in default at the time. We feel strongly that there isn't a lot of inventory in the marketplace — the properties in the market with units selling at these prices, we don't anticipate any new inventory that would compete with a project like Park House. We'll spend a bunch of money on these units, make them nicer. We think there are improvements that can be made, as we've done on projects throughout the Western U.S. — the units, HOA, management — but it does take time.

How is the market for condo development?

We're seeing construction on the rental side, but not with for-sale projects. Based on our research, we don't anticipate seeing that in the Las Vegas market for quite a while. We think there is a demand for affordable, detached housing, but if interest rates jump dramatically, all bets are off.

Who are your expected buyers at Park House?

Middle management, casino folks who don't want to be on the Strip but still have a 15-minute commute. There's also a potential for foreign buyers. There is a percentage of the population that wants to downsize their home, still have amenities and be able to lock and leave. I agree that the Sky buyer is a completely different buyer than at Park House, but with that type of lifestyle, in that location, can we find 39 buyers? I think we can. Plus, that area of town, in the eight or nine years I've been looking at deals here, it's significantly improved. Downtown Summerlin is completed; you have amenities five to 10 minutes away. That wasn't the case when the project was initially built.

What are your plans at Sky?

We are just starting to finalize our decor selections for model units that we'll build out. We hope to complete them in the next 60 days, and then we'll formally launch the sales process following that. We have pulled some units off the rental market and are making some fairly significant upgrades to them. The budget is $25,000 per unit for improvements, including new countertops, flooring, lighting.

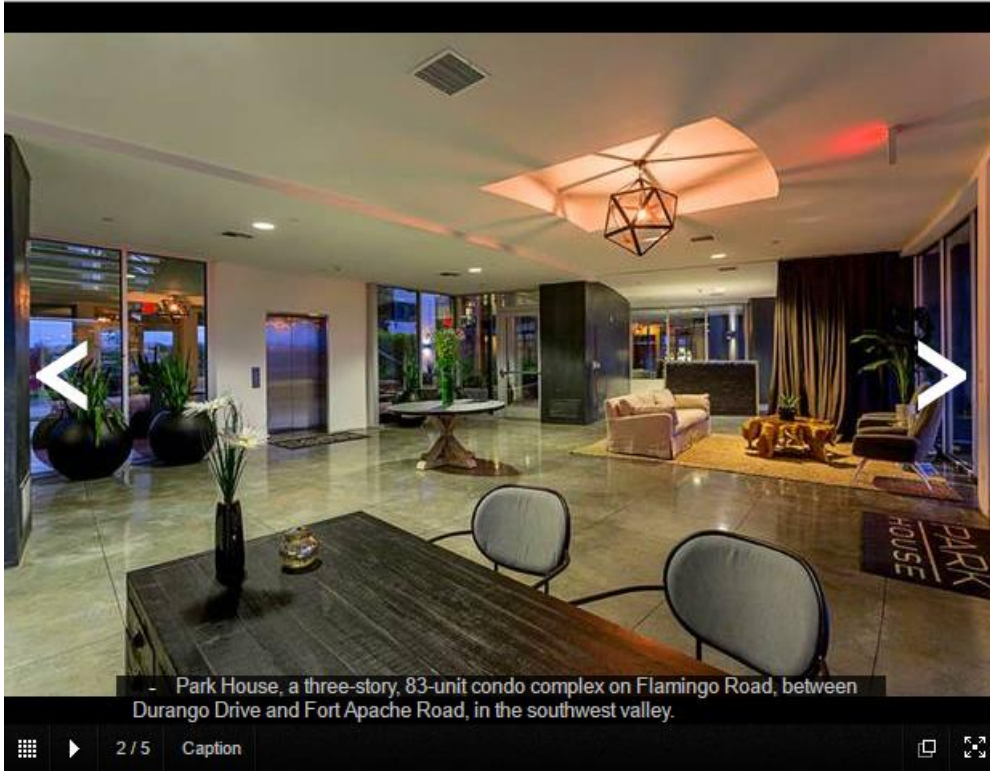**Of your units in Park House, how many are occupied?**

Six are rented, and 33 are vacant. Among the other condos there, some people, I believe, bought a few units, but generally they sold to individual buyers.

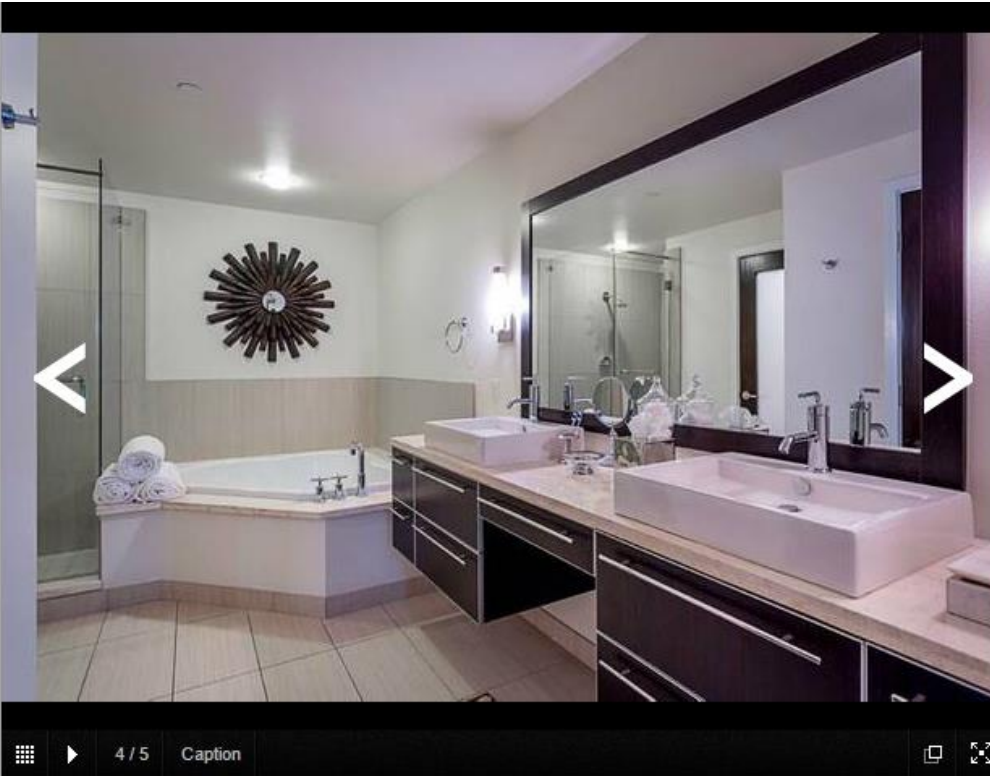**What was the property's condition when you started looking at it?**

It was a total mess. The project was about 85 to 90 percent complete when it was mothballed. It went through years of litigation, foreclosure, bankruptcy. Construction began in 2006 and stalled in 2008, investors got it, and they began selling units in 2013. The project had a long history, really, before anything happened with it.

Park House

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Park House, a three-story, 83-unit condo complex on Flamingo Road, between Durango Drive and Fort Apache Road, in the southwest valley.