

Lake Las Vegas, long viewed as a bust, is rebounding

By Eli Segall - A few years ago, Lake Las Vegas was on the verge of collapse.

Foreclosures swept through the bankrupt Henderson project as home values and retail sales plunged. [Shuttered golf courses](#) turned brown. The project's only [casino closed](#) because an adjacent hotel locked its doors. Even a man-made waterfall was turned off.

Now, the lavish project described for years as a financial bust is slowly nursing itself back to health.

Home prices are on the upswing, hotel occupancy is inching higher, and new tenants are joining the retail district.

Since July, Wall Street billionaire John Paulson's firm has bought more than 900 acres of land there. Before selling it to homebuilders, he plans to boost its value with communal aesthetic upgrades.

"It certainly has suffered," Robyn Yates, co-owner of brokerage firm Windermere Real Estate, said of the luxury development. "It has been rather dull for a number of years, but it has really picked up."

Real estate prices are beginning to rise. Single-family houses at Lake Las Vegas sold for an average \$675,446 during the first quarter of this year, up from about \$484,000 last year, \$450,000 in 2011 and \$426,000 in 2010, according to Yates. Last quarter, condos and townhouses sold for an average \$191,360, up from \$166,000 last year, \$164,000 in 2011 and \$131,000 in 2010.

The hotels also are showing progress.

In 2009, owners of the former Loews Lake Las Vegas [defaulted on their \\$117 million mortgage](#) and a court-appointed receiver took control of the property. Management turned the 493-room hotel into [a Westin in spring 2012](#).

Since then, the company has spent \$4.5 million on upgrades to the rooms, fitness centers and pool area. Occupancy has jumped from a dismal 35 percent to about 50 percent but still remains well below March's regional average of 88 percent.

The hotel's new branding is helping to bring more visitors. But many people continue to think Lake Las Vegas is closed for business, Westin General Manager Greg Gooding said.

"A lot of people love the area," he said. "They're just not sure what's going on."

Owners of Ravella at Lake Las Vegas also are betting that a name change will boost business. The 349-room property is [slated to become a Hilton-branded hotel](#) by June, said Benson Lee, regional director of hotel operations for landlord Kam Sang Co.

[Kam Sang bought](#) the hotel and adjacent [Casino MonteLago](#) in November for about \$47 million in one of Southern Nevada's most lucrative real estate deals of the year.

Ravella's occupancy rate remains at about 50 percent. Its new brand should boost that by 10 to 20 percent, Lee said.

The hotel opened in 2003 as a [Ritz-Carlton](#), but lender Deutsche Bank foreclosed in 2009 and the Ritz

[closed the following year](#). The casino shut its doors in 2010.

Dolce Hotels and Resorts took over the hotel's lease in 2011 and [reopened it as Ravella](#). The casino reopened last year.

The hotel is in the red, but Lee hopes to change that with higher room rates and more business conferences, which provide 75 percent of his guests. He wants to host at least one conference a week at the hotel, up from the current average of one a month.

"It will take some time to get to where it needs to go," Lee said.

The 3,600-acre master-planned community off Lake Mead Parkway was designed as an elegant Mediterranean village with a 320-acre man-made lake. It was one of the biggest real estate flops in one of the hardest hit markets in the country.

Former developers [lost the project to foreclosure](#) after defaulting on \$540 million in loans in 2007. The Atalon Group acquired the project in early 2008 but pushed it into bankruptcy protection six months later.

The community emerged from bankruptcy court in summer 2010 under the control of Dallas investment firm Highland Capital Management and lenders led by Credit Suisse, according to the Wall Street Journal.

Along the way, [two of its three golf courses closed](#), tourism plunged and foreclosures soared. At one point during the recession, 1 in every 13 homes at Lake Las Vegas had a foreclosure filing, compared with 1 in every 45 across the valley.

The project received a much-needed boost of confidence last summer when New York investment firm Paulson & Co. acquired almost 900 acres of land on the north shore for \$17.3 million. The firm has since acquired another 60 acres for \$4.5 million.

Paulson initially wanted to sell the land to homebuilders within five years but later upped his

timeline to 15 years, Yates said. In the meantime, Paulson's firm is planning upgrades for the shuttered golf courses and other areas.

If the community looks tarnished, that "has an impact on (Paulson's) ability to develop and sell lots to builders," Yates said.

For instance, his firm already paid to have the artificial waterfall turned back on last year, a person familiar with the property said.

Paulson, when approached by VEGAS INC last week at the SALT investor conference at the Bellagio, declined to comment.

Others are showing confidence in the project, too. New tenants moved to the retail district in recent months, including a tanning salon, a catering company and an art store.

Foot traffic is up in the village, as the retail area is known, but spending remains relatively weak. Most shoppers are out-of-town guests from the lake's hotels. That frustrates retailers who lament the fact that Lake Las Vegas isn't more popular with valley residents, who complain that it's too far away.

At the home furnishings store Tesoro, sales revenue is down by at least 60 percent from its peak and remained soft last year, owner Marianne Freeman said. Freeman's sales depend almost solely on tourism, including hotel business conferences and wine walks, athletic contests and other events at the lake.

Still, the recession brought at least one welcome change.

The lake's home values plunged enough that more locals could afford to buy. During the boom era, many buyers were wealthy out-of-towners who owned several other homes and rarely stayed at the lake. That still exists, but the number of year-round residents appears to be climbing.

"A real community has begun to develop," Freeman said. "That has really been the plus side of all of this."