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REAL ESTATE:

## Q+A: Houses popping up at long-dormant Skye Canyon development on valley's northwest edge



Construction continues on the Skye Canyon development in Las Vegas on Thursday, July 9, 2015.

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By **Eli Segall (contact)**

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In the midst of the real estate bubble, developer John Ritter led a group that paid more than half a billion dollars for sprawling desert land in the upper northwest corner of Las Vegas, with plans for a massive community.

But Ritter, CEO of Focus Property Group, never built a thing, and his consortium lost the site to foreclosure in the early days of the financial crisis.

Today, new owners are in charge, and homes are sprouting at the valley's edge.

The first phase of 1,700-acre Skye Canyon, at U.S. 95 and Horse Drive, is underway. Work crews are building roads, installing utilities and landscaping, and constructing around 15 homes, most of which are models. The first ones are expected to open Aug. 1.

Olympia Cos., led by founder Garry Goett, is developing the project. The Las Vegas-based company owns the site with New York investment firms Stonehill Capital Management and Spectrum Group Management. The trio bought the site out of foreclosure over the course of about a year and a half.

**The group has sold** roughly 120 acres — a fraction of the overall land — to Pulte Homes, Century Communities and Woodside Homes. The entire first phase will comprise 160 acres with about 750 homes.

Skye Canyon, however, is designed for 9,000 homes, and if all goes as planned, would take about 15 years to complete. But building that many homes seems highly unlikely, as Las Vegas' housing market, while faring better than it did at the depths of the downturn, is a shadow of what it was during the bubble.

"I don't know if we'll get to that," said Chris Armstrong, vice president of development for Olympia. "Right now ... I'd say 9,000 is not likely, but we're designing infrastructure to be able to support that."

Ritter's group, which boasted several homebuilders including Pulte and Woodside, **bought the project site** for \$510 million at a U.S. Bureau of Land Management auction in 2005. The former Wachovia Bank, however, foreclosed on the untouched property in September 2008, less than two weeks after Lehman Brothers went bankrupt and helped set off the national financial meltdown.

Their envisioned master-planned community wasn't the only mini-city in Southern Nevada that stalled during the recession — and Goett's group isn't the only one bringing one back to life.

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### Skye Canyon Construction



Chris Armstrong, vice president of development for Olympia Companies

**Other projects** that were derailed but got back in business in the past year or two include 2,200-acre Cadence, in Henderson; 2,700-acre Park Highlands, in North Las Vegas; and 1,900-acre Inspirada, in Henderson.

No one is expecting widespread construction anytime soon, as builders typically construct homes only after selling them, unlike during the bubble, when speculative development was all too common.

Still, Las Vegas' homebuilding business is gaining speed after slumping in 2014 with plunging sales and volatile prices.

This year, local builders sold 2,360 new homes through May, a year-to-year increase of 9 percent, and the median closing price in May was \$315,250, up 12.6 percent from a year earlier. Builders also pulled 3,289 new-home permits through May, a year-to-year jump of 23 percent, according to Las Vegas-based Home Builders Research.

Olympia, which developed the 2,750-acre Southern Highlands community off Interstate 15, at the southern tip of the valley, broke ground on Skye Canyon last year. Project plans call for schools, parks, retail, hiking and biking trails, and even a casino — but like the 9,000 homes, a big gambling den on the outskirts of town is unlikely to get built anytime soon.

Armstrong met with VEGAS INC at Skye Canyon this week to discuss the project. Edited excerpts:

#### **What kind of homes will be here?**

We've got some low-density residential and also some higher-density. A lot of it depends on the market, obviously. We'll eventually have some rental product, but the first phase is all single-family detached homes. We've got a park in the first phase that's centrally located with a basketball court, splash pad and tot-lot type facilities. Recreational amenities are very important to our project. If you look at where we're located, it's the great outdoors; that's how we're labeling ourselves.

#### **Do you have any lingering concerns that this is too far, that it's too far northwest and too removed from, say, the Strip or other parts of the valley?**

I don't think so. Being close to a freeway interchange makes a huge difference. When we were originally looking at the project, I looked at it on a map and thought, wow, that's far away. But when you drive it from the central part of town, it's not that bad. I drove up today from Southern Highlands and it took me 32 minutes. From the central part of town, it took me 16 minutes. If you talk to our owner, people told him that Southern Highlands was too far out there.