

# **Real Estate Industry Survey**

**January 2005**



**Urban Environmental Research, LLC**

3753 Howard Hughes Parkway  
Suite 310  
Las Vegas, Nevada 89109  
(702) 862 - 7970

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
<i>BACKGROUND</i> .....	<i>1</i>
<i>OBJECTIVE</i> .....	<i>1</i>
<i>SURVEY RESULTS</i> .....	<i>2</i>
<i>BIBLIOGRAPHY</i> .....	<i>7</i>
<i>APPENDIX A: FINAL SURVEY</i> .....	<i>8</i>

<b>TABLE OF TABLES</b>	<b>PAGE</b>
<i>Table 1. Duration of Practice within the Las Vegas Metropolitan Area</i> _____	<i>2</i>
<i>Table 2. Factors Influencing the Cost of Undeveloped Land by Percent</i> _____	<i>3</i>
<i>Table 3. Residential Property Value Affects Resulting from Various nearby Land Uses</i> _	<i>4</i>
<i>Table 4. Comparison of Findings from Three Surveys of the Types of Land Uses that Increase Residential Property Values</i> _____	<i>5</i>
<i>Table 5. Comparison of Findings from Three Surveys of the Types of Land Uses that Decrease Residential Property Values</i> _____	<i>6</i>

<b>TABLE OF FIGURES</b>	<b>PAGE</b>
<i>Figure 1. Current Business Climate for Development</i> _____	<i>3</i>
<i>Figure 2. Current Impact of Possible Future High-Level Radioactive Waste Transportation</i> _____	<i>4</i>

## **BACKGROUND**

Earlier socioeconomic assessments conducted for the Clark County Department of Comprehensive Planning's Nuclear Waste Division examined the potential impacts of nuclear waste shipments on property values along possible transportation routes for nuclear waste. These assessments included a study involving impacts on three property types - commercial, residential, and industrial - all located within 3 miles on each side of likely transportation routes of nuclear waste through Clark County. Potential impacts on commercial property values also were examined in a survey of key decision-makers in the hotel-gaming industry.

In 2002, valuation trends in undeveloped land sales, particularly sales of federal lands were documented, and existing major projects were analyzed to assess whether potential future shipments of High-Level Nuclear Waste were influencing current major development projects within Clark County. The results of that study concluded that the repository program and attendant transportation of nuclear waste proposed through Clark County had not had any demonstrable impact on sales prices of undeveloped land or on transactions involving these lands. In addition, no evidence was discovered of any significant changes to the 11 major development projects that were examined including their zoning, project design, or build-out rates.

This report builds on these earlier studies by surveying a larger pool of experts from the real estate industry about their perception of the general business climate and the potential for the Yucca Mountain Project to impact future development. The potential for developing raw land in Clark County is a vital factor in the economic growth of the County. Therefore, it is critical to begin to identify any impacts (or lack of impacts) the repository program may have on the undeveloped land market, as well as to evaluate whether there is a potential for any future impacts on undeveloped land.

The findings from this report along with the earlier studies are being integrated into Clark County's Monitoring Program. The Monitoring Program has been designed to capture changes to the social, environmental, and economic well being of Clark County residents resulting from the Yucca Mountain Project. The monitoring program provides an "*early warning system*" that allows Clark County decision makers to proactively respond to impacts from the Yucca Mountain Project.

## **OBJECTIVE**

In the spring of 2004, Urban Environmental Research, LLC and their subcontractor, the University of Nevada Las Vegas' Cannon Center conducted a random phone survey with 74 representatives of the real estate industry

operating within Clark County, Nevada (see survey instrument, Appendix A). The 74 real estate industry representatives included appraisers, land developers, bankers, building and general contractors. Over two-thirds of the industry representatives surveyed had practiced in the Las Vegas area for more than 5 years (Table 1). The three objective of the survey were:

- to identify current views on the business climate within Clark County among this component of the business sector;
- to identify what factors might adversely affect the economic well being of the development community; and
- to identify if any current impacts within the development community could be discerned from the proposed future shipment of High-Level Radioactive Waste through Clark County.

**Table 1. Duration of Practice within the Las Vegas Metropolitan Area**

<b>Years</b>	<b>Frequency</b>	<b>Percent</b>
Less than One Year	5	6.8
1 - 5 Years	19	25.7
6 - 10 years	18	24.3
11 to 15 Years	11	14.9
More than 15 Years	21	28.4
<b>TOTAL</b>	<b>74</b>	<b>*100.1</b>

\* Totals greater than 100% because of rounding

## **SURVEY RESULTS**

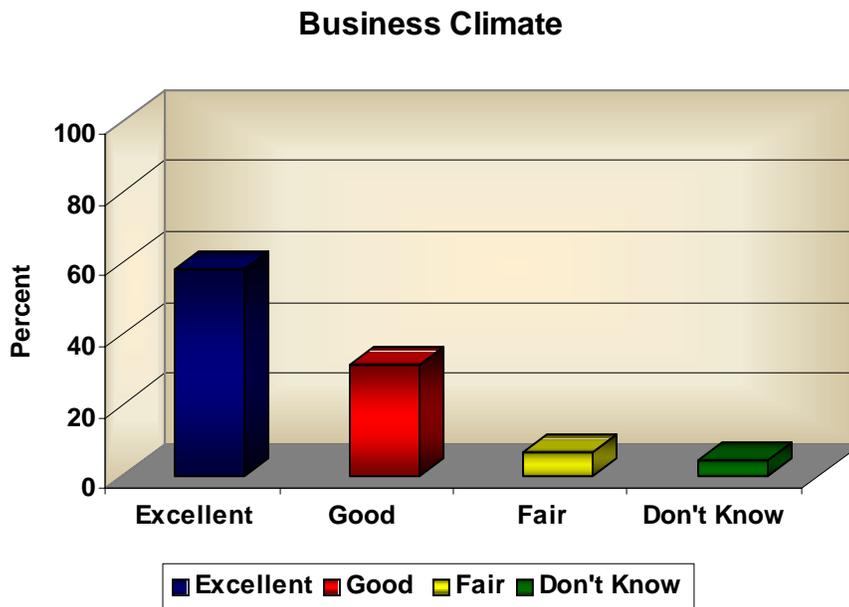
By an overwhelming majority (92%), the real estate industry representatives surveyed indicated that the cost of development had risen dramatically over the last five years. Survey respondents indicated that the high demand for new housing was the leading factor contributing to the rise in development costs. In fact, over 97% considered the demand for new housing to be an “important” or “very important” factor, while 92% identified the scarcity of large parcels of land in the Las Vegas metropolitan area to be an ‘important’ or “very important” factor. Other factors that were identified by the respondents as “important” or “very important” included: the release of public lands for development; the national lending rate for real estate; and, the amount of land held for speculation (Table 2).

**Table 2. Factors Influencing the Cost of Undeveloped Land by Percent**

Factor	Very Important	Important	Not Important	Not Important at All	Don't Know
High Demand for New Housing	85.1	12.2		1.4	1.4
Scarcity of Large Tracts of Land	64.9	27	5.4	1.4	1.4
Release of Public Lands	59.5	28.4	5.4	4.1	2.7
National Lending Rate	45.9	27	16.2	6.8	4.1
Land Held for Speculation	29.7	39.2	27	1.4	2.7

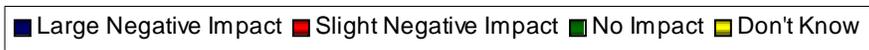
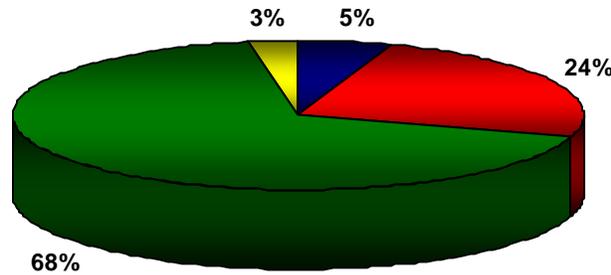
When representatives of the real estate industry were asked to “describe the business climate for new development currently in the Las Vegas area”, almost 90% indicated that it was ‘excellent’ or ‘good’ (Figure 1).

**Figure 1. Current Business Climate for Development**



Despite the overwhelming positive perception of the current business climate toward development, almost 30% of the real estate industry representatives surveyed indicated that the “possible future transportation of High-Level Radioactive Waste” had a large or slight negative impact “on current growth of the Valley” (Figure 2).

**Figure 2. Current Impact of Possible Future High-Level Radioactive Waste Transportation**



The real estate industry representatives surveyed were also asked to indicate whether they believe residential property values would be 'increased', 'decreased', or 'not affected at all' by certain types of nearby land uses (Table 3).

**Table 3. Residential Property Value Affects Resulting from Various nearby Land Uses**

Land Use Type	Increased Residential Property	Decreased Residential Property	No Affect Residential Property	Don't Know
Amusement Park	18.9	18.9	55.4	6.8
Day Care Center	50	6.8	40.5	2.7
Landfill	2.7	71.6	20.3	5.4
Non-Polluting Manufacturing Facility	32.4	25.7	35.1	6.8
Public School	70.3	2.7	21.6	5.4
Limited Access Highway	54.1	18.9	17.6	9.5
Casino	29.7	29.7	33.8	6.8
Polluting Manufacturing Facility		91.9	4.1	4.1
Homeless Shelter	4.1	73	12.2	10.8
Shopping Center	64.9	8.1	18.9	8.1
HLNW Transportation Route	0.0	71.6	18.9	9.5

The location of a public school was identified by 70.3% of those surveyed as having a positive affect on residential property values. Almost 65% surveyed indicated that a nearby shopping center had a positive impact on residential property values, while over half indicated that a limited access highway nearby would increase nearby residential property values. In contrast, three types of land

uses were identified by more than 70% of the respondents as decreasing nearby residential property values. These land use types included: a polluting manufacturing facility (91.9%), a landfill (71.6%), and a High-Level Radioactive Waste transportation route (71.6%).

It is interesting to note that this same question was asked of 512 Clark County, Nevada residents in August 2000 and of 502 residents of Santa Fe County, New Mexico in the summer of 1990, a decade earlier. The Clark County, Nevada residents were asked this question as part of an earlier surveyed conducted by Clark County’s Nuclear Waste Division to assess potential impacts from the Yucca Mountain Project (UER 2001). The residents of Santa Fe, New Mexico, were asked the same question by Zia Research Associates in a survey designed to assess potential impacts from shipments of radioactive transuranic waste to the Waste Isolation Pilot Plant in New Mexico in Carlsbad, New Mexico (Zia Research Associates 1990). The Santa Fe survey was subsequently referenced in a judicial decision (*City of Santa Fe vs. Komis*) that resulted in the State of New Mexico having to compensate the property owner for stigma-induced property value diminution.

The views of the real estate experts surveyed in this study are consistent with not only the earlier survey of Clark County residents but also the Santa Fe residents. The earlier Clark County survey of residents found that having a public school and a shopping center nearby had a positive impact on residential property values, by 61.1%, and 52.5%, respectively. The Santa Fe, New Mexico study found that having a public school and a shopping center nearby had a positive impact on residential property values, by 61%, and 50%, respectively. The results of the current survey of real estate experts and the earlier surveys of residents of Clark County, Nevada and Santa Fe, New Mexico indicate strong consistency amongst experts as well as the general public about which types of land uses have positive impacts on residential property values.

**Table 4. Comparison of Findings from Three Surveys of the Types of Land Uses that Increase Residential Property Values**

<b>Environmental Condition</b>	<b>Rank Order</b> <b>(Percent stating increasing property values)</b>		
	<b>Nevada Residential Survey (2000)</b>	<b>New Mexico Residential Survey (1990)</b>	<b>Nevada Real Estate Industry Experts Survey (2004)</b>
<b>Public school</b>	61.1%	61%	70.3%
<b>Shopping center</b>	52.5%	50%	64.9%

Similarly, the recent survey of Clark County real estate experts identified the same three types of land uses as having the most negative affect on residential property values as those reported in the earlier residential surveys in Clark County, Nevada and Santa Fe, New Mexico (UER 2001 and Zia Research Associates 1990). All three surveys found that a polluting manufacturing plant, a landfill, and a highway or freeway used to ship nuclear waste would have the most negative affect on residential property values.

**Table 5. Comparison of Findings from Three Surveys of the Types of Land Uses that Decrease Residential Property Values**

<b>Environmental Condition</b>	<b>Rank Order</b> <b>(Percent stating decreasing property values)</b>		
	<b>Nevada Residential Survey (2000)</b>	<b>New Mexico Residential Survey (1990)</b>	<b>Nevada Real Estate Industry Experts Survey (2004)</b>
<b>Polluting manufacturing facility</b>	95.5%	89%	91.9%
<b>Landfill and waste dumping site</b>	93.9%	80%	71.6%
<b>Freeway used to ship nuclear waste</b>	86.3%	79%	71.6%

The consistency of findings among the three surveys indicate that both real estate industry experts and the general public hold similar views as to which types of nearby land uses have positive or negative impacts on residential property values. In addition, these finding appear to be consistent over time and in differing geographies. These results provide additional support to Clark County’s earlier findings as stated in their Impact Assessment Report that found that “property values are likely to be affected adversely” and “that the Yucca Mountain program poses a significant threat to property values in Clark County” (Yucca Mountain Impact Assessment Report February 2002).

## **BIBLIOGRAPHY**

Clark County. (2002). Yucca Mountain Impact Assessment Report, Clark County, NV.

Urban Environmental Research, LLC. (2001). Clark County Property Value Report on the Effects of DOE's Proposal to Ship High-Level Nuclear Waste to a Repository at Yucca Mountain. Phoenix, NV.

Zia Research Associates. (1990). Santa Fe Property Value Opinion Research Survey Regarding The WIPP Bypass. Albuquerque, Nm: 60.

## APPENDIX A: FINAL SURVEY

### Survey of Land Development and Real Estate Community

We are calling from the University of Nevada at Las Vegas to examine trends in the real estate and development market especially as it relates to the “Undeveloped Land” market in the Las Vegas area. The University of Nevada at Las Vegas is under contract with Urban Environmental Research (UER), a consulting research firm located in Scottsdale Arizona. UER is currently conducting several research projects for Clark County, Department of Comprehensive Planning. This survey will take only a few minutes to complete. Your name was randomly selected from lists of those involved in the development industry in the Las Vegas Valley and your responses will be kept in total confidence. All answers to the survey will be statistically aggregated in order to avoid identifying any one individual respondent in the survey. Information on this survey can be obtained from .....

This survey concerns the topic of developing raw land (undeveloped land). Do you work in a professional capacity with undeveloped land? YES\_\_\_ NO\_\_\_  
(If the answer to this is NO, say Thank You and indicate, “This survey involves only those with experience with undeveloped land”.)

#### **PART 1: RESPONDENTS BACKGROUND AND EXPERTISE**

1. Of all the professional fields in land development and real estate, which would you say best describes your primary activity in the development process? Would you say it is?

- Real Estate
- Appraisals
- Development
- Building and Construction
- Banker
- Mortgage Companies
- Other (please identify)

2. How long have you lived in the Valley? \_\_\_\_\_ Years

3. How many years have you practiced as a (from Question #1) in the Las Vegas Area? \_\_\_\_\_ Years.

- Less than One Year
- 1 to 5 years
- 6 to 10 Years
- 11 to 15 Years
- More than 15 years

**PART 2: GENERAL ATMOSPHERE FOR DEVELOPMENT OF RAW LAND**

4. We are interested in knowing your views about the undeveloped land market in the Las Vegas area. Some land analysts have argued that the costs of undeveloped land in the Las Vegas have increased sharply over the last five years. In general, over the last five years would you say that the costs have...?

- Increased dramatically
- Increased
- Stayed Constant
- Decreased
- Decreased dramatically

5. I am going to give you a list of factors that may affect the price of undeveloped land. Please tell us how important each of these factors has been to the selling price of undeveloped land in the Las Vegas area.

	Very Important.	Important	Not Important	Not at All Important	Do Not Know
Scarcity of Large Tracts of Land					
High Demand for New Housing					
Substantial Amount of Land Held for Speculation					
Release of Public Land for Private Development					
National Lending Rate for Real Estate					

6. Is there any other factor not listed in the previous question that you believe substantially impacts the costs of undeveloped land in Las Vegas area? No\_\_\_\_ YES(If Yes, please identify)\_\_\_\_\_

7. How important do you feel the release of public lands through the Southern Nevada Public Land Management Act has been for new private sector development in the Las Vegas area? Has the release of public lands been:

- Very Important\_\_\_\_\_
- Important\_\_\_\_\_
- Unimportant\_\_\_\_\_
- Not at all Important\_\_\_\_\_

### **PART 3: PRESENT AND FUTURE BUSINESS CLIMATE**

8. We would like to ask you a few questions about the business climate in the Las Vegas Valley. How would you describe the business climate for new development currently in the Las Vegas area? Would you say it is?

- Excellent \_\_\_\_
- Good \_\_\_\_
- Fair \_\_\_\_
- Poor \_\_\_\_

9. What if any factor do you believe poses the greatest threat to future development of land in the Valley (record factor)

---

10. There has been a good deal of discussion about the possibility of shipping High- Level Radioactive Waste through the Las Vegas area in the future. How significant a factor has the possible future transportation of High- Level Radioactive Waste been on current growth of the Valley? Has it had a ....

- A large negative impact
- A slight negative impact
- No impact at all
- A slight positive impact
- A large positive impact

11. Now I am going to read you a list of things that may affect the value of residential property in Clark County. For each item I read to you, please tell me whether you believe it would increase, decrease, or have no affect on residential property values, which is the value of privately owned homes or property in Clark County, would increase, decrease, or not affect the value of nearby residential property. (Read each item: and circle one number for each.)

	Increase Residential Property	Decrease Residential Property	Not Affect Residential Property	Don't Know
Amusement Park				
Day Care Center				
Landfill				
Non-polluting Manufacturing Facility				
Public School				
Limited Access Highway/Freeway				
Casino				
Polluting Manufacturing Facility				
Homeless Shelter				
Shopping Center				
High- Level Nuclear Waste Transportation Route				

Thank you very much.