

Developers offering a new kind of suite deal with condo-hotels

By Jennifer Shubinski

The first near-Strip condo-hotels are scheduled to open in the first half of 2006, bringing a new hotel concept to Las Vegas.

The Platinum, being developed by Michael Peterson and Diversified Real Estate Concepts Inc., and the Residences at MGM Grand, a joint venture between Turnberry Associates and MGM Grand, are set to open during the second quarter.

"Las Vegas is moving into a new stage of real estate development," said Rick Davis, a real estate attorney and co-chairman of the Hotel, Resort and Club Group for the law firm Greenberg Traurig.

The condo-hotel adds a new twist to the landscape. Las Vegas and its tourists have long been familiar with hotels, time shares and, most recently, condominiums.

People can purchase units in a condo-hotel and can use them at will, but also can opt to place the units in a rental pool that will rent out the units like a hotel when they are not in use by their owners.

Of the estimated 70-plus condo towers that have been announced for development in the Las Vegas Valley in the past 18 months, a handful are planned as condo-hotels, including the now-under-construction Trump International Hotel, which is expected to open in 2008 with 1,300 rooms.

Las Vegas was introduced to the condo-hotel concept when Vancouver, British Columbia-based Intrawest Corp. opened its own hotel-condominiums at MonteLago Village at Lake Las Vegas in September 2003.

The condo-hotel structure not only allows owners to realize appreciation on the real estate and take advantage of possible tax benefits, it offers developers an attractive business model.

Selling off the units offers developers an alternate source of financing and a way to get capital back, and offers lenders an exit strategy, Davis said.

"The economic model of this type of project does benefit a number of people. It's become very popular, particularly on the developer side," he said.

Michael Peterson, Owner of Diversified Real Estate Concepts, said there is a tremendous amount of demand for the condo-hotel product, not just in Las Vegas, but nationwide.

Peterson has developed several housing projects in Chicago and Wisconsin, owns several Houlihan's franchise restaurants and has developed several condo-hotel and resort projects in Wisconsin.

His Las Vegas project, the Platinum, sold out in 37 days.

