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Q&A: Ken Lowman, broker-owner, Luxury Homes of Las Vegas

By [Buck Wargo](#)

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Ken Lowman knows how to engineer his way around a problem.

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The 45-year-old broker-owner of Luxury Homes of Las Vegas, an electrical engineering graduate from Oregon State University, became interested in real estate while in Southern California. There he worked as an engineer at a Frito Lay processing plant making Doritos.

The real estate market in Southern California was going like gangbusters in 1998-99, Lowman said.

“I got my real estate license so I would have the knowledge of the business so I could go out and buy my first home, kind of like a good engineer,” he said.

IBLV: How did you start working in real estate?

Lowman: I was inundated with letters and calls from brokers who were looking for a new licensee to come and join their company. I thought, “Wow, is there a shortage of real estate agents or what?” I was surprised by the number of inquiries. I went out and interviewed with a couple of brokers. Right about that time I finished my first year as an engineer, and Frito Lay had moved me to the graveyard shift. I worked at night managing a production line, and I could do real estate during the day. I hung my license with a broker and started part time. After six months of selling real estate, I was making more money at that than I was as an engineer. I loved it more and quit my job as an engineer and went full time into real estate.

Why?

I always wanted to be in business for myself. Even as an engineer, I hoped to start my own company and manufacture something. In real estate, I saw I could be in business for myself. Everyone wants to own a home, so I got to be in a business that everyone desired to participate in and everybody loved to talk about. I had also seen that a lot of people among the Forbes 500 wealthiest people, a fair amount of them have done it through real estate. Those were among the reasons I was interested in real estate.

How long did you work as a Realtor in California?

Five years.

Why come here?

Mainly, I started in Rancho Cucamonga and I realized after four years there, I wanted to move to a higher-priced market. I initially moved to the beach to the higher price points. Right after I did that, I met my wife-to-be and she got a job offer to come to Las Vegas. I ran the demographics and analyzed the market and said, "Hey, Las Vegas is the fastest growing city in America." It is the perfect place for my business. My wife was in the title business, so it was the perfect place for her business. We moved here in the spring of 1995.

What did you do then?

When I came here, I went to work for Spanish Trail Realty because in 1995 it was the leading high-end real estate company. Spanish Trail was the place for wealthy people to reside in. I worked there for four years and built a clientele and got to know the market. Toward the end of 1999, I opened my own company, Luxury Homes of Las Vegas.

How many people did you start with?

I started with four agents when I opened. Now, I have a team of four people who work exclusively for me as well as 20 outside agents.

What does it mean that you focus on luxury?

For me, it is generally \$1 million-plus homes, although I do a lot of business between \$500,000 and \$1 million as well. I focus as hard as I can on the \$1 million-plus part of the market.

Why focus on that?

For me, I enjoy the people who I meet in that segment of the market. They are some of the most interesting people in the community and a lot of them are business owners, heads of casinos, doctors, lawyers and attorneys, entrepreneurs, athletes, entertainers. To me, they are very interesting people, and the houses they reside in and want to buy or sell are very fascinating to see.

Has the luxury home price changed over the years?

It has. When I first moved to Las Vegas in 1985, we considered anything over \$500,000 a luxury home. Slowly that crept up and in the boom time in 2004-05, a \$1.1 million or \$1.2 million home could have been a tract home on a golf course. All of a sudden, \$1.1 million was a nice home, but it wasn't truly a luxury home like we thought a luxury home was. Now, we have gone full circle and gone back to the point where I think anything over \$750,000 is a luxury home.

What is it like to be a luxury Realtor versus one for the rest of the market?

I think one thing you need is to be able to walk the walk and talk the talk. You have to serve those clients. You need to live in a luxury home and luxury home community. People like to deal with people like them. A lot of times you need to be able to buy a luxury car, talk about luxury vacation locations. On the low end, it is more like the mass-market type of thing. You try to fit the client into your system. In the luxury market, you cater to their wants and needs and desires. They require a greater level of advertising and marketing.

What are their wants, needs and desires compared to the rest of us?

Definitely, a lot of advertising and marketing is important. They like exposure. They want to see their

property on the front page of a magazine and a beautiful color brochure.

What do people want in the lower-priced homes?

In the lower price point, all the clients want is for their home to be on the (Multiple Listing Service) and people to come through the door and they are happy. But in the luxury market, they look at the details more and want to see the marketing.

Do you represent buyers or sellers?

I would say we are about two-thirds representing sellers and one-third representing buyers. I enjoy more the marketing of the properties, the negotiations, the contracts. I like working for the sellers. I have two buyer agents that work for me who handle most of my buyers, and they enjoy that more.

I was reading something you wrote about the luxury market and how it hasn't bottomed out like the lower-end market. Can you elaborate on that?

I don't think we have. Right now, it is the tale of two markets — the low end has probably bottomed out. The banks have cut the prices by 50, 60 to 70 percent and because of that, first-time buyers and investors are back in the market snapping up the homes. The luxury market went into the downturn last and it hasn't completed its cycle yet. Prices are still coming down. We still see some sellers who still anchor their home value to two years ago when the luxury market peaked. The sellers who are realizing what the market really is and are adjusting their prices are starting to sell. But the market is coming down.

How much of a drop will the luxury sector experience compared with the rest of the market?

In many cases, it has also dropped about 50 percent and that's probably what we will see across the board.

But a lot of people don't want to drop their prices?

It is like moving a huge aircraft carrier in the ocean. It is a process that takes time for sellers to realize that it has changed. In many cases, they will acknowledge the market has changed — "but not in my neighborhood. Even if it's my neighborhood the prices have changed, but not my house." From the peak to the trough, the luxury market will end up dropping about 50 percent.

Why has that segment been the last to drop?

A lot of the people who owned luxury homes were business owners, and they were the last to be affected by the recession. They can hold out longer. They have more assets. The low end usually leads. When the low end is hot, then a year later, they are buying midpriced homes and a year later they are buying luxury homes. It cycles up. The luxury market is the last to go into the upturn, and it's the last to go into the downturn, too.

For a while, the luxury market was doing well when other sectors weren't.

Exactly. Our market peaked the third and fourth quarter of 2007 when the low end was already in foreclosure land. It had already dropped by 20 or 30 percent.

Do you deal with homes only or do you sell condos, too?

I deal with some luxury condos as well. Most of our business ends up being custom homes.

What has financing been like for clients?

We are seeing that the approval process has tightened up quite a bit. There is still financing out there, but typically the banks want to finance to people who really don't need money. We have a lot of cash buyers,

and we have a lot of buyers who could pay cash but they are taking out a mortgage for financing and tax reasons.

Is any type of luxury home doing better than others?

In Las Vegas for the 15 years I have been here, the buyers always seem to be fickle for the latest new community. Because of that, these newest, latest communities are doing the best. An area like the Ridges in Summerlin is probably doing better than Spanish Trail that is almost 20 years old now. That being said, we have challenges in those newer markets because there is a lot of inventory in those markets as well. There is no neighborhood that is not affected, but we tend to see more of the sales in the newer communities.

What else is doing better than other?

The Ridges and MacDonald Highlands, Southern Highlands and a lot of the Summerlin communities, because Summerlin was such a great planned community. So Red Rock Country Club and Tournament Hills and neighborhoods like that.

What about Lake Las Vegas?

It is tough because there are a lot of foreclosures out there, even in the luxury market. About one-third of the sales market is bank-owned or short-sale assets. Lake Las Vegas has a higher concentration of foreclosures, and we get the objection that it is a little too far removed from Las Vegas proper.

Are you surprised there are that many foreclosures in the high-end market?

People just thought it was never going to end and they thought if they buy this house, they will be able to sell it and make money. Unfortunately, their income changed, and it changed for too many people and the housing values declined as well. They are in positions where they just can't get out of them.

What happened?

A lot of them have seen business volume drop 40 percent. Some have lost jobs but more and more, I have seen people whose incomes have dropped in half or by 30 or 40 percent.

Where do you see the luxury market going?

I think 2010 will be the year hopefully we find the bottom. What I am seeing is some sellers are choosing not to sell rather than adjust to today's market prices. Some sellers are throwing in the towel and getting foreclosed on. Some sellers are able to adjust their prices down and are becoming successful sellers. The market is adapting as it always does. The hope is this year it will bottom out and, like the low end, can start building a base and hopefully appreciating at healthy, normal rates.

That market hasn't been immune to the downturn?

It can't because it is a feeder market. The luxury market relies on someone who sells a \$1 million house and buys a \$2 million house. Someone who buys a \$500,000 house buys a \$1 million house.

Are you optimistic about the luxury home market Las Vegas?

It could be 10 years before we get back to the peak prices we saw in 2007. What I have seen is a lot of agents who were in the luxury market have left the luxury market. They have gone off chasing the bank-owned homes or the short sales at the lower end. There are fewer sales, but there are fewer agents and brokers competing for those sales now.

How many sales have you had in 2009?

I had 35 luxury home sales in 2009 and 40 in 2008.

Who are these luxury buyers?

I am seeing two types of buyers. One is the out-of-state buyer. Las Vegas is still a great place for people to buy a second home to retire in. We have wealthy people who come here for weather or tax reasons. About half of our buyers are out of state relocating here. They are people that have planned smartly and have not been as affected by the recession and can still come to town and write a check for a \$2 million or \$3 million home.

The second type of buyer we are still seeing out there is someone who maybe lived in their home for 10 years and didn't jump on the bandwagon in 2005 or 2006 when the market was roaring and they waited and watched and now they can sell their home that they owned for 10 years and still make a little bit of money and take advantage of a great time to buy.

What is the supply of luxury homes out there?

We have a five-year supply of luxury homes on the market. Under \$500,000, you see a six-to-nine-month supply on the market. A healthy market is a six-month supply.

How many homes are we talking about?

We have 800 homes on the market of more than \$1 million in Las Vegas today. That is a five-year supply.

About how many of those homes were sold in 2009?

About 180.

Why are you not into the condo market that much?

I stayed away from the condo market. I saw the implosion that happened. I saw there were way too many projects planned and didn't think the market could absorb all the projects that were out there. I steered clear of it.

Where is the condo market heading?

It is going to be challenging because the supply is probably higher than the home supply. Banks aren't financing hardly any of it because they know the situation and the only people that are attracted to it are investors and investors aren't buying except at the low end. It is going to be challenging. Probably, that will be the last part of the market to come out of the downturn.

As a luxury broker, who are some of the types of clients you have represented?

That is always sensitive because a lot of our clients would like to remain anonymous and don't want their names divulged. I respect their wishes and requests. I will give you one. I sold Steve Harwell's house recently. He is the lead singer and frontman for the band Smash Mouth. I sold his home in October.

Anything else?

I have the former home of actor Nicolas Cage listed for sale at \$4.95 million. He lost it in foreclosure to a bank. It is 14,306 square feet in Spanish Hills, has a 16-car subterranean garage, elevator, theater room, six bedrooms and full Las Vegas Strip view. (That home has sold, Lowman said Monday.)