

MARKET UPDATE

MARCH 2010 ■ ■ ■ TELLURIDE, COLORADO

Not out of the Woods, But Gaining Momentum

It appears things might start turning around in the national real estate world. *Altos Research* reported on December 28, 2009 that “Inventory in the resale market continues its steady decline after peaking in the fall of 2008, and while new sellers entering the market are pricing at consistently lower levels, indicating general market weakness, the percentage of

Telluride region finishes with a strong fourth quarter and skier numbers build confidence

sellers with price reductions is also falling, indicating that sellers who have been on the market are feeling more confident of receiving their ask price.” In the West, particularly, Lawrence Yun, National Association of Realtors chief economist, stated in a February 11, 2010 NAR press release, “Markets in the West, such as San Francisco, San Jose and Denver are showing double-digit price increases, and other markets like San Diego and Anaheim have begun to firm up.” On a local level, Telluride and its surrounding areas are hanging in there, and while still certainly feeling the effects of the economic downturn, are hopefully beginning to see a light at the end of the tunnel. According to data compiled by the Telluride Association of Realtors*, 2009, overall, didn't fare as well as 2008, (\$310 million in total dollar volume disbursed over 283 transactions in 2008, compared to \$222 million in total dollar volume disbursed over 281 transactions in 2009), but the year ended on a good note as the fourth quarter of 2009 topped out at \$88 million in total dollar volume. While this pales in comparison to the \$149 million from 2007, it's a drastic (87%) increase from the \$47 million in 2008. The 2009 third and fourth quarters com-

bined were also slightly more impressive than those from 2008, with \$142 million in 2009, compared to \$137 million in 2008.

OCTOBERFEST!

October was the heavy hitter in 2009 with \$43 million in total dollar volume and 43 total sales. These were the largest figures by far between January and December 2009, and also the highest since April of 2008. Again, \$47 million in total dollar volume is still significantly lower than dollar volumes found in the pre-recession surge (2004-2007), but it isn't that far off from figures found earlier in the decade, between 2001 and 2003. That \$47 million was higher than any month in 2001 and 2002, as well as higher than all but two months in 2003. More importantly, the almost-\$50-million figure is a sign that the market has potential in the months ahead. Sales that contributed to October's total included four \$2-plus million condos (three in Telluride and one in Mountain Village), a \$7-plus million ranch in the Dolores River area, a \$3.4 million home in Telluride, and two \$2-plus million homes in Mountain Village.

'TIS THE SEASON

November and December 2009 were also notably higher in terms of total dollar volume than the same months in 2008. November 2009 totaled \$16 million (220% higher than the \$5 million in November 2008) and December 2009 totaled \$28 million (40% higher than the \$20 million in December 2008).

As for monthly breakdowns for the third and fourth quarters of 2009, they were as follows:

Month	Total \$ Volume	Sales
July	\$19 million	19
August	\$17 million	28
September	\$18 million	31
October	\$43 million	43
November	\$16 million	25
December	\$28 million	30

STILL A GREAT TIME TO BUY

According to Freddie Mac, the national average commitment rate on a 30-year conventional fixed-rate mortgage fell to a record low 4.92 percent in the fourth quarter of 2009 from 5.16 percent in the third quarter; it was 5.86 percent in the fourth quarter of 2008. And right now in Telluride, there are some great deals out there, according to TAR president Teddy Errico. “Certain properties are definitely holding their value...trading at \$900-plus a square foot, where people are still paying top dollar,” he explains. “But there are also values we haven't seen since the start of the decade.” Errico added that buyers who don't mind putting a little work into something, or aren't entirely particular, and simply want to be a part of Telluride, are likely to find opportunities in every facet of the market (condo, home, land, fractional). “There is a variety of product,” he says, “and combined with low interest rates, living this lifestyle, and the fact that this area has inherent value, it's a good time to buy...to invest and take that step. Down the road, you'll be so happy.”

GOOD NEWS FOR SKI RESORTS

Anyone who has been following the trends and media coverage knows that the overall news for ski resort real estate markets hasn't been too favorable. While resort markets tend to be those able to maintain stability and remain unaffected by economic waves, they haven't fared as well this time around. According to a December 15, 2009 post from SkiResortMarkets.com, “That's not the case in 2009. Currently these markets are suffering in the economic downturn just like markets elsewhere.” The upshot, however, is that people are still skiing. On February 20, 2010, an article entitled “Ski Resorts Thrive, Despite Recession Pain,” by Phyllis Korkki appeared in the *New York Times*. Korkki wrote, “Even in 2009, as most industries were in a recessionary trough, ski resort revenue rose 2.3% from the year before, IbisWorld says. Revenue for 2010 is forecast to rise almost 6%, to \$2.72 billion.” Telluride opened Revelation Bowl, as well as other new terrain and resort additions in 2009. This brought people coming as numbers (roughly 419,000) were up from 2008 and on par with other recent years.** And that is certainly a good thing for real estate as oftentimes, the best way to lure interested buyers in a ski resort market, is to first get them here to ski.

*Data compiled by TAR is deemed accurate but not guaranteed

**Skier numbers and resort information provided by the Telluride Ski Resort

Kim Hilley ©