

MARKET UPDATE

DECEMBER 2010 ■ ■ ■ TELLURIDE, COLORADO

Signs of Stabilization in the Local Real Estate Market

From May through September 2010, local real estate sales have remained steady, on par with the first four months of the year, and notably higher than the same months in 2009. Such data, compiled by the Telluride Association of Realtors*, tracks transactions handled in Telluride, Mountain Village and the surrounding region. Total dollar volume from May through September 2010 was \$142 million distributed over 158 transactions, an 80% increase in total dollar volume over May through September 2009, which had \$79 million (and 107 transactions), and 14.5% increase in total dollar volume over May through September 2008, which netted \$124 million (with 145 transactions). As for year-to-date figures, January through September 2010 boasted \$314 million distributed over 277 transactions, a 134% increase in total dollar volume over the same months in 2009, which claimed \$134 mil-

lion distributed over 183 transactions. This year was also 19% higher in total dollar volume than the same months in 2008, which had \$263 million and 283 transactions. And so while numbers may not be reaching the levels they soared at a few years ago (2007 was the all-time historical high with a year-end total dollar volume of \$710 million), they are starting to recover. "The market is steadily coming back," says TAR president Kip Smith, "yet we anticipate a slower road. Real estate has new challenges to overcome and TAR strives to be progressive and proactive to give energy back to our industry."

TELLURIDE MARKET MONTH BY MONTH

Total dollar volumes were higher in 2010 than in 2009 for every month between May and September. May 2010 boasted \$31 million, versus \$12 million in May 2009 (a

158% increase); June 2010 claimed \$31 million, as opposed to \$13 million in June 2009 (a 138% increase); July 2010 had \$32 million, while July 2009 had \$19 million (a 68% increase); August 2010 brought in \$27 million, compared to \$17 million in August 2009 (a 59% increase); and September 2010 totaled \$21 million, while September 2009 totaled \$18 million (a 17% increase). But not only were the 2010 figures higher during the spring/summer months, they were higher for every month so far (January through September).

A CLOSER LOOK AT PROPERTY TYPES

Residential home sales for May through September 2010 totaled \$90 million with 57 transactions, compared to \$48 million and 43 transactions from the same period last year. This marks an 87.5% increase in total dollar volume and 33% increase in total number of sales. As for year-to-date, 2010 residential homes sales are up 187.5% percent from 2009 with \$207 million, compared to \$72 million. Transaction numbers are also up 56% with 95 residential home sales in 2010 versus 61 in 2009. With regard to specific residential home sales, all seven transactions in May were above \$2 million, the highest of which were \$5.1 and \$5.8 million, both in Mountain Village; in June there were 17 residential home sales, one boasting \$6.5 million in Mountain Village; in July, two Mountain Village homes sold for \$5.3 and \$4.2 million; and in August a \$9.5 million home sold in Mountain Village.

For condominiums, May through September 2010 claimed \$35 million and 43 transactions, compared to \$13 million and 22 transactions in 2009 (a 169% increase in total dollar volume and 96% increase in total sales numbers). Year-to-date condo sales in 2010 total \$66 million with 73 transactions, as opposed to \$29 million and 36 transactions in 2009 (a 128% increase in dollar volume and 103% increase in sales). In particular, a \$3.1 million condo sold in September in the town of Telluride, as well as two Mountain Village condos that sold for over \$2 million in June, and several \$1-plus million condominiums that sold in Mountain Village throughout the spring/summer.

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MONTH BY MONTH SALES COMPARISON: 2009 TO 2010

	2009 TDV	2010 TDV	%	'09 sales #	'10 sales #	%
Jan.	\$14 mil	\$34 mil	143%	21	28	33%
Feb.	\$19 mil	\$29 mil	53%	11	29	164%
March	\$12 mil	\$26 mil	117%	21	27	29%
April	\$11 mil	\$82 mil*	646%	23	35	52%
May	\$12 mil	\$31 mil	158%	9	19	111%
June	\$13 mil	\$31 mil	138%	20	38	90%
July	\$19 mil	\$31 mil	68%	19	42	121%
August	\$17 mil	\$27 mil	59%	28	34	21%
Sept.	\$18 mil	\$21 mil	17%	31	25**	-19%

*April 2010 figures were skewed due to a \$46.5 million sale, yet even without the sale, the April 2010 total was \$36 million—227% higher than the \$11 million from April 2009.

**Total number of sales for September is the only occurrence thus far in 2010 where the 2010 figures were not higher than those from 2009.

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Commercial sales were higher in May through September 2010 than in 2009 with \$8 million and 12 transactions, compared to \$1.5 million and 5 transactions (a 433% increase in dollar volume and 140% increase in sales). Year-to-date figures for commercial properties total \$18 million and 25 transactions in 2010, and \$4 million with 13 transactions in 2009 (a 350% increase in dollar volume and 92% in sales). A notable commercial sale occurred in September 2010 for \$3.8 million in the town of Telluride.

Land and fractional sales didn't show increases over 2009, with land sales actually down (\$9 million for May-September 2010 and \$14 million for May-September 2009), although transactions were up (25 compared to 16). Year-to-date land figures show a similar pattern: \$24 million in 2010, versus \$25 million in 2009, yet 47 transactions occurred in 2010 with 30 in 2009. As for fractional sales, they barely changed between 2009 and 2010 as May through September had \$2 million and 21 sales for both years, and since January, there was \$5 million and 46 transactions in 2010, compared to \$4 million and 43 transactions in 2009. "The lending industry has become a challenging segment of the real estate economy with reduced funding and funding types," says former TAR president Teddy Errico. "This has especially impacted the land, condo-hotel and fractional segments of our market."

DIFFERENT MARKETS; LIKE PATTERNS

Similar activity is occurring in comparable markets, like Aspen (Upper Roaring Fork Valley) and Manhattan. *CNN.money* contributor Les Christie calls the latter, "the most

expensive large housing market in the nation," not to mention the fact that the Big Apple is also where many of Telluride's second homeowners permanently reside.

According to an October 1 *New York Times* article, Vivian S. Toy stated, "After two years of unpredictable sales trends, the Manhattan real estate market seems to have settled into a more typical and seasonal pattern." Toy then quoted Diane M. Ramirez, president of Halstead Property, "We have hit bottom," said Ramirez, "and we're probably improving ahead of schedule.

But that just means we're into a more normal market. We've moved out of critical care, and we're stabilized now."

Also in Manhattan, Corcoran CEO Pam Liebman wrote in

her company's report, "Buyers are purchasing larger apartments with more bedrooms. With mortgage rates at their lowest levels in over 30 years, buyers are able to afford more expensive apartments for less money." And the website *StreetEasy.com* said, "This [third] quarter, 27.7% of Manhattan's listings sustained price cuts, but that is 14% less than last quarter and 29.4% less than a year ago."

As for Aspen's *Estin Report*, the Upper Roaring Fork Valley (Aspen, Snowmass Village, Woody Creek and Old Snowmass) is significantly ahead of last year from January through September. Total dollar volume is up 24% and 30% more units sold.

"Our [Telluride] market trend is on par with notable national economists' projections, which is encouraging," says Smith. "Savvy investors have purchased great properties and seized opportunities brought on by this recession. The best values in our current resort marketplace are attained with buyers paying cash, thus offsetting the numerous hurdles of our economic climate."

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