TELLURIDE ASSOCIATION OF REALTORS©

MARKET UPDATE

OCTOBER 2009 TELLURIDE, COLORADO

Telluride Continues to Plug Away

Numbers Down but Notable Sales and National Predictions Encouraging

In a nutshell, Telluride is getting through it like everyone else. On account of the current state of the economy, or rather where it was during the first two quarters of 2009, real estate activity slowed considerably. After a string of high marks between 2000 and 2007, with the latter reaching record heights by year's end ($710 million in total dollar volume), numbers changed significantly in 2008 and thus far in 2009. According to data compiled by the Telluride Association of Realtors (TAR), overall figures between January and June 2009 were $80 million in total dollar volume, distributed over 105 total transactions. This is 54% lower than the first two quarters of 2008, which totaled $174 million and noticeably lower than earlier in the decade when property values were less. TAR's figures encompass the greater Telluride region, including San Miguel County, as well as occasional out-of-county sales (i.e. Montrose, Ridgway, and other communities).

Year	Total $ Volume	Sales #'s	Average Price
2001	$162 million	315	$514,000
2002	$127 million	339	$375,000
2003	$151 million	304	$497,000
2008	$174 million*	192	$906,000
2009	$80 million	105	$762,000

**Total dollar volume for the first two quarters of 2008 was largely bolstered by $69 million in April (four residential sales between $6 million and $11.1 million). The other five months in early 2008 had totals closer to those in 2009 ($14 million-$29 million in 2008, compared to $11 million-$19 million in 2009).*

But with a little optimism and acknowledgement that ebbs and flows are the nature of the real estate beast (albeit this ebb is a tad more drastic), it's still possible to find a silver lining behind this dark cloud.

First of all, resort economies, once largely sellers' markets, are now giving buyers a chance. With ample inventory to choose from and low interest rates, it's a good time to make a purchase. Secondly, Telluride has endured negative market effects now for roughly 18 months. Certain experts predict the tides may start turning. *The Wall Street Journal* stated in a June 3, 2009 article, "In another sign that the housing market may have begun to recover, the number of people who signed contracts to purchase homes increased for the third month in a row." The piece included data from the National Association of Realtors, which said its pending home sales index rose 6.7% from March (84.6) to April (90.3), and Joshua Shapiro, an economist with MFR, the Manhattan global economic consulting firm, was quoted: "Clearly, within the next couple of months there's going to be a decent increase in actual homes sales." On another note, the widely recognized financial analyst, Mad Money's Jim Cramer, predicted back in September 2008 that the housing market would bottom in the third quarter of 2009 (read more at: http://skiresortmarkets.com).

In examining TAR's figures, numbers were slow dollar-wise and transaction-wise , but steady during the first six months of the year. Sales for commercial properties totaled $4 million over 10 transactions; condominiums, $19 million over 18 transactions; fractionals, $2.5 million over 27 transactions; land, $15 million over 19 transactions; and residential, $41 million over 32 transactions.

Fractional units (representing the second highest sales numbers) were particularly noteworthy in these financial times considering they tend to be less expensive, owners pay only for what they might use, and highly-valued amenities are part of the package.

According to a report published by the global consulting and services organization HVS, titled "Resort Real Estate: Preparing for Recovery," and written by Andrew Cohan, fractional ownership might be one of the first elements of the market to come back.

"Resort real estate buyers will be more focused on value, especially value through use. Buyers will either want to use the resort property as often as possible or will only want to pay for what they believe will be their typical level of use by buying fractional real estate or by joining private residence clubs."

As for monthly breakdowns in the Telluride region during the first half of the year, they were as follows:

Month	Total Dollar	# of Sales
January	$13,694,250	21
February	$18,717,000	11
March	$12,174,574	21
April	$10,730,062	23
May	$11,864,900	9
June	$12,864,859	20

While these rather sluggish numbers may cause some gasps, primarily in comparison to the $41 million-$77 million January through June span just two years ago, there were several notable sales in early 2009.

In January, a $5.25 million parcel sold on West Meadows; in February, a $2.1 million condo sold in Telluride, a $2.4 million condo sold in Mountain Village, and a $10 million home sold in Gray Head; in March, two $1.3 million condos, a $3.3 million condo, and a $2.4 million home all sold in Mountain Village; in April, a $1.6 million condo sold in Mountain Village and a $3.1 million home sold in Aldasoro; in May, a $4.7 million home and a $4.2 million home sold in Mountain Village, and a $1.6 million home sold on Specie Mesa; and in June, a $1.2 million condo and a $1.2 million home both sold in Telluride, a $3.5 million parcel sold in Montrose, and a $2.7 million home sold in Mountain Village.

Whether some or all of these transactions were considered "deals," compared to what they might have sold for a few years ago, the point is people are still spending money. And hopefully this trend will continue as more confidence is regained in the economy.

According to a *Newsweek* article, published July 25, 2009, by Daniel Gross, "The Great Recession…is most likely over. Home sales, while still far below the levels of a year ago, have risen for three straight months—a first since 2004. The stock market has rallied 44 percent since March…"

As for Jim Cramer, he likely has as many foes as fans, but it would be comforting, nonetheless, if his prediction is correct. Perhaps the first two quarters of the year can be chalked up as part of the trip toward bottom, and the worst might in fact be over.

Data compiled by TAR is deemed accurate but not guaranteed