

MARKET UPDATE

JULY 2010

TELLURIDE, COLORADO

An Inspiring Start for 2010

Considering the state the national economy has been in for the past two years and how real estate sales have suffered, the Telluride area market kicked off 2010 very impressively. According to data compiled by the Telluride Association of Realtors*, January through April 2010 boasted \$171 million in total dollar volume, distributed over 119 transactions. In comparison, the first four months of 2009 totaled \$56 million, distributed over 76 transactions, and the last four months of 2009 totaled \$105 million, distributed over 129 transactions. This year was therefore 205% above the first four months of 2009 in terms of total dollar volume, and 63% above the last four months of 2009. Though still a ways off the two biggest years of the decade and in history—2006 and 2007 (\$241 million/289 transactions and \$252 million/253 transactions, respectively)—the 2010 figures were a big leap over what the market witnessed in 2009. And, they were ahead of January through April 2008 (\$140 million/138 transactions), which was before things officially went south on a global economic scale. “The local brokerage community is optimistic for the summer season with 2010 far outpacing 2009 sales and closing in on 2008,” says Teddy Errico, TAR president. “We hope to see this trend to continue.”

Jan.-April	\$ Volume	# of Sales
2010	\$171 million	119
2009	\$56 million	76
2008	\$140 million	138
2007	\$252 million	253
2006	\$241 million	289

AIN'T OVER YET, BUT WE'LL TAKE IT

Not that anyone is convinced things are turning around, the first four months of the year, as Errico mentioned, certainly provided reassurance and faith that the day will come. In May, the National Association of Realtors released a press release addressing how during the first quarter of 2010, an increasing number of metropolitan areas experienced price gains from where they were a year ago; and that most states have seen home sales gains since the 2009 first quarter. “In the first quarter [of 2010], 91 out of 152 metropolitan statistical areas showed

higher median existing single-family home prices in comparison with the first quarter of 2009, including 29 with double-digit increases; three were unchanged and 58 metros had price declines. In the fourth quarter [of 2009], 67 areas reported gains and 123 were down.”

Telluride and other resort markets appear to be in line with this trend. According to a May 23rd article by the *Denver Post*, a number of resort areas saw home sale numbers rise during the first quarter from where they were a year ago. The article mentioned the change in residential transactions from 2009's first quarter to that of 2010 for some of Colorado's resort counties:

Eagle County: 190%
Routt County: 113%
San Miguel County: 53.8%**
Summit County: 29%
Pitkin County: -7.3%***

But according to Byron Koste, executive director emeritus of the University of Colorado Real Estate Center, who was quoted in the article, “...it's too soon to call the first-quarter rebound a recovery. ‘It's going to slowly recover as people get confident that the wealth erosion that occurred in '08 and early '09 is really behind them, and they're back to making more money.’”

A WHOPPER (AND A FEW BIG MACS)

In April, brokers believe the biggest residential sale in the country so far this year closed, with both sides of the transaction handled by Telluride Realtors and TAR members. Boot Jack Ranch, a roughly 3,500-acre ranch near Pagosa Springs, sold for \$46.5 million. According to the *Wall Street Journal*, the property was sold by David Brown, of the Bay Area real estate investment and development firm Orchard Partners, and his wife Carol; and sold to Kelcy Warren, who, in March, was welcomed into the ranks of the world's billionaires by *Forbes*, and is chairman/chief executive of the natural gas pipeline operator, Energy Transfer Partners LP. WSJ also reported that the figure beats the \$43 million sale in Aspen last summer, a deal believed to have set the U.S. record for 2009.

Additionally, two other high transactions graced the Telluride market during the first four

months of the year. In January, a \$10.1 million home sold in Mountain Village, followed in March by another \$9.9 million home sale in Telluride. Other notable sales included a \$4.1 million condo in Telluride and a \$2.5 million condo in Mountain Village in January; a \$5.3 million home in Mountain Village, a \$4.1 million land parcel in Placerville, a \$2.6 million land parcel in Gray Head, a \$2.7 million condo in Mountain Village, and a \$1.1 million land parcel in Telluride in February; a \$1.9 million condo in Telluride and a \$1.6 million land parcel in Mountain Village in March; and an \$8 million home in Mountain Village, and both a \$6 million home and a \$4.5 million home in Telluride in April.

SIZEABLE DEALS CONTRIBUTE; STRENGTH THERE REGARDLESS

The \$171 million in total dollar volume attained between January and April 2010 was indeed helped by the staggering Boot Jack Ranch sale in April, and the two other \$10 million sales in January and March. But even without those figures, the total was high. If, for argument's sake, those three sales (\$66.5 million total) were excluded, the total figure is still \$104.5—equal to the \$105 million from 2009's last four months, and 87% higher than the \$56 million from 2009's first four. “Although short sales and foreclosures are still affecting certain segments of our inventory, we're seeing good signs that might lead some to believe we're on the road to recovery,” says Errico. “There is a definite increase in activity, which I've noticed personally over the last couple months. Prospects are asking the right questions and are curious about the marketplace; in 2009, they weren't coming in at all.”

THE BREAKDOWNS

As for specific breakdowns for 2010 thus far, April was the highest grossing month with \$82 million in total dollar volume and 35 transactions. To reiterate, April was bolstered by the \$46.5 million ranch sale, yet the monthly dollar volume was seemingly similar to 2006, which ranged from \$26 million to \$88 million, and 2007, which ranged from \$41 million to \$81 million. As for the other three months, January totaled \$34 million, February \$29 million and March \$26 million. Single-family home sales totaled \$117 million, condo sales amounted to \$32 million, land sales reached \$16 million, commercial sales brought in \$4 million, and fractional sales were at \$3 million.

*Data compiled by TAR is deemed accurate but not guaranteed

**According to TAR data, which includes transactions from San Miguel and other neighboring counties, the first quarter transaction increase was 59%; the transaction increase for the first four months was 57%.

***According to Aspen broker, Tim Estin, who was interviewed for the May 23 *Denver Post* article, first-quarter sales in all of Pitkin County were down compared with a year ago, but increased in the communities of Aspen, Snowmass Village, Woody Creek and Old Snowmass; a 49% increase over the same period a year ago.