

# MARKET UPDATE

JULY 2011

TELLURIDE, COLORADO

## Telluride Market Performance Similar to that of the Nation

According to data compiled by the Telluride Association of Realtors\*, real estate totals for dollar volumes and sales numbers in the Telluride region (including San Miguel

**Condo sales and average prices are up from last year**

County and other neighboring counties) for the first four months of the year came in at \$89 million, distributed over 157 transactions. These figures are significantly lower than 2010, where January

through April totaled \$171 million over 84 transactions (Note: The \$171 million figure includes a \$47.5 million sale in April). While sales numbers were almost double in 2011, dollar volume was down 48% in

2011 over 2010.

But Telluride was not alone in this pattern of activity as all over the country, first quarter sales were down. According to data from Standard & Poor's Case-Shiller housing index, U.S. home prices fell 4.2% in the first quarter of 2011. In an article published on May 31, 2011 in *Real Estate Weekly*, Ronald Li wrote, "Nineteen of the 20 major metropolitan areas covered by Case-Shiller were down in prices, with only Washington D.C. seeing gains in prices compared to the previous year and quarter. In New York, there was a 3.4% decrease in prices compared to the first quarter of 2010." Other cities that felt the pinch most included Boston, San Diego, Santa Cruz, San Francisco, Los Angeles, and Denver.

### TELLURIDE TO FOLLOW ASPEN?

Unlike much of the nation, Aspen had a strong first four months of the year with sales hitting \$409 million, an increase of 8.5% over the same period in 2010. Several of these transactions were for \$10-plus million properties, which certainly contributed to the overall totals. Telluride's market has, in the past, mimicked Aspen's market, showing similar trends several months later. Some might therefore believe that Aspen's market strength could be a sign that some semblance of a turnaround or upswing could be in Telluride's not-so-distant future.

While single-family residences were the biggest contributor to Aspen's sales, condominiums were also hot in the first quarter of 2011. According to a blog post by Brenda Wild with Chaffin Light Real Estate, "...all price ranges are moving. Especially the condominium market..." In Telluride, condominium sales were also high, sparking memories of what was dubbed "Condomania" back in 2004. Total dollar volume for condo sales during the first four months of 2011 was \$41 million, a 28% increase over the \$32 million during the same period last year. In 2009, the first four months only netted \$16 million in condo sales, but back in 2004, which was coined the "Year of the Condo," total dollar volume for the first four months of the year was \$44 million. By comparison, there were 69 condominium transactions during the first four months of 2004, making the average condo price \$638,000 at that time, whereas this year, there were 64 condominium transaction, making the average condo price at \$641,000.

### AVERAGE PRICE OF REAL ESTATE JAN-APRIL 2011 THREE MAIN PROPERTY TYPES

	SINGLE FAMILY	LAND	CONDO
2011	\$884,000	\$360,000	\$641,000
2010	\$3,100,000	\$700,000	\$1,100,000
2009	\$1,300,000	\$786,000	\$1,100,000
2008	\$1,600,000	\$750,000	\$1,200,000
2007	\$1,100,000	\$710,000	\$1,600,000
2006	\$1,100,000	\$732,000	\$1,100,000
2005	\$892,000	\$573,000	\$882,000
2004	\$1,400,000	\$700,000	\$638,000
2003	\$698,000	\$414,000	\$540,000
2002	\$714,000	\$256,000	\$383,000

### AVERAGE PRICES DOWN... GOOD TIME TO BUY

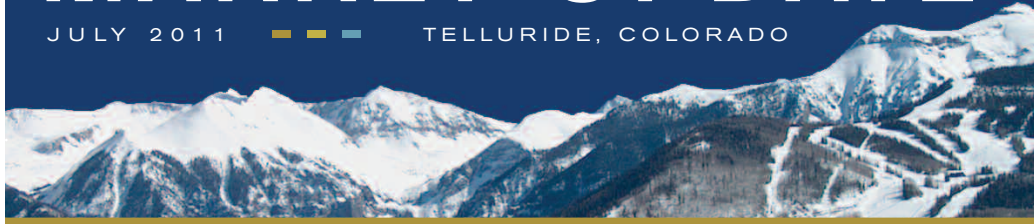
There is still a silver lining behind declining dollar volumes, particularly when examining average prices for the various property types. Based on the January-April figures, the average price for a single-family home in the Telluride region is presently \$884,000 (compared to \$3.1 million in 2010); the average price for vacant land is \$360,000 (compared to \$700,000 in 2010); and the average price for a condo is \$641,000 (compared to \$1.1 million in 2010).

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“One must remember that in this relatively small marketplace, a limited number of high dollar transactions can skew market data dramatically,” said TD Smith, president and managing broker of Telluride Real Estate Corporation, who is also a long-standing Telluride broker and member of the community. “For example, three recent sales/contracts within the last 30 days could lessen the ‘year-to-date gap’ in sales volume by nearly 30 percent. But there are some incredibly attractive values in the Telluride market still available for those who would love to call Telluride home.”

## DOUBLE DIP

While some may picture an ice cream cone with two toppings, or that boob at the cocktail party who keeps sticking his half-eaten chip back in the guacamole, “double dip” is what analysts and experts are calling the current nationwide trend with regard to widespread declines in real estate sales. This double dip is defined by prices dropping below the previous post-recession low in 2009. While Telluride might have witnessed a sizeable decline from 2010, its numbers are still far greater than what they were in 2009. So is a double dip happening in this market? It’s difficult to say. “I believe the market bottomed out in mid 2010, as many sellers adjusted pricing at 20-30 percent off of 2007 values,” said Smith. “Despite the negative media frenzy related to the national housing market, I feel sophisticated, second home investors

in luxury resort markets are beginning to realize that our markets have stabilized and lifestyle investments have little risk of further deflation.”

One reason cited for the 2011 first quarter decline was the federal tax credit for first time homebuyers, which led to a surge in

activity during the early months of 2010. In Li’s article, Mark Fleming, chief economist with CoreLogic, a research firm, was quoted as saying, “Last year the First Time Homebuyer Tax Credit pulled a significant number of sales forward and, to an extent, artificially supported prices. So, absent the tax credit, it is understandable that we see prices continue to decline when compared with last year.” Telluride stands apart here as well, considering the federal tax credit doesn’t hold much weight in resort markets. The majority of buyers are purchasing

second and third homes, rather than their first. “While some investors take advantage of record low interest rates, a very significant percentage do not finance acquisitions further contributing to our non-speculative market,” explained Smith.

In describing New York City’s situation, Gregory J. Heym, the chief economist for Halstead and Brown Harris Stevens in Manhattan, potentially described Telluride’s as well. Heym said in a *New York Times* article on April 1, 2011, “Some people may think we’re seeing the beginning of a decline, but just as it was too early to call a recovery after one quarter of price increases, it’s too early to call a prolonged pullback after only one weak quarter.”

**“Despite the negative media frenzy related to the national housing market, I feel that sophisticated, second home investors in luxury resort markets are beginning to realize that our markets have stabilized and lifestyle investments have little risk of further deflation.”**

**Telluride Broker  
T.D. Smith**

## SIGNIFICANT SALES

Despite down numbers, certain notable sales highlighted the first four months of 2011. January boasted the largest transaction thus far with a \$7.25 million residential sale on Deep Creek Mesa. Also in January, were a \$2.1 million residential sale in the Town of Telluride, and a \$2.3 million condo in Mountain Village. In February, two condominiums sold in the Town of Telluride for \$5 million and \$3.5 million, while a \$2.6 million single-family home sold in Mountain Village. In March two Town of Telluride condos sold for \$2.2 million and a single-family home sold on Deep Creek Mesa for \$3 million. April didn’t have much as far as multi-million dollar transactions, but a total of 38 condominiums sold.

*\*Data compiled by TAR is deemed accurate, but not guaranteed.*

## SUMMER / FALL EVENTS SCHEDULE

**AUGUST 5-7**

**JAZZ CELEBRATION**

**AUGUST 11-20**

**CHAMBER MUSIC FESTIVAL**

**AUGUST 12-14**

**FESTIVAL OF THE ARTS**

**AUGUST 18-21**

**MUSHROOM FESTIVAL**

**SEPTEMBER 2-5**

**FILM FESTIVAL**

**SEPTEMBER 16-18**

**BLUES & BREWS FESTIVAL**

**SEPTEMBER 10-25**

**TELLURIDE PHOTO FESTIVAL**

**TELLURIDE FARMERS MARKET**

**EVERY FRIDAY**

**11:00 AM - 4 PM**

**SOUTH OAK STREET**

[WWW.VISITTELLURIDE.COM](http://WWW.VISITTELLURIDE.COM)

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**AND EVENTS**