



positive sign that sellers are able to hold on to their properties. There is a significant amount of equity in Telluride real estate. We need to see a rise in consumer confidence and flexible sellers.”

THE YEAR IN QUARTERS

The third quarter of 2011 was the Telluride market’s strongest quarter of the year with \$68 million in total dollar volume. The first quarter trailed closely behind with \$66 million in total dollar volume and the second quarter was the weakest all year with \$58 million in total dollar volume. As for the fourth quarter, it totaled \$61 million in total dollar volume. While fourth quarter figures weren’t the strongest in 2011, they were 20% higher than those from 2010 (\$61 million compared to \$51 million). Each fourth quarter month was also higher than its correlating month in 2010.

Finishing the year on a higher note in 2011 than in 2010 is certainly reassuring, yet it would still be premature to speculate as to whether the 2011 fourth quarter numbers are any indication as to what lies ahead. “Although there are some significant sales pending, it is still too early to tell what the first quarter of 2012 will look like,” said Masters.

	<u>2011</u>	<u>2010</u>
October	\$25M	\$21M
November	\$16M	\$13M
December	\$20M	\$17M

NOTABLE 2011 TRANSACTIONS

Even though many luxury markets across the country are still somewhat flat, Telluride’s market was doused with several impressive sales in 2011, indicating that higher end properties are still moving.

In December, a \$3 million land parcel sold in Mountain Village, as did a \$2.9 million home in Telluride, as well as a \$1.4 million and \$1.7 million condo in Mountain Village.

November was highlighted by a \$3.4 million home sale in Telluride, a \$4.75 million home sale in Mountain Village, and a \$2.9 million condo sale in Mountain Village.

October boasted a \$3 million condo sale in Telluride, \$3.9 million land sale in Montrose, a \$2.1 million home sale in Elk Run and \$3.2 million home sale in Telluride.

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Telluride Market Holds Steady

Market Perseveres Through Challenging Economic Times

According to data compiled by the Telluride Association of Realtors*, year-end real estate dollar volume totals in the Telluride region (including San Miguel County and other neighboring counties) tallied at \$252 million. These figures are consistent with 2011’s overall market performance, which rounded out 31% lower than the \$364 million in 2010. Sales numbers, however, were 15% higher in 2011 with 403 total transactions compared to 351 in 2010.

AN UNPREDICTABLE 2011

The global real estate market and overall economy remains greatly impacted from its massive thwarting in 2008. Furthermore, the 2011 calendar was marked by tremendous world events, including the devastating earthquake in Japan, extreme political change in the Middle East, and a financial fragility across much of Europe. Such factors, and others, contributed to the vastly unpredictable and volatile activity in the stock market that enveloped much of 2011, thus exacerbating existing pressures in the home buying realm.

According to a January 3, 2012 *Wall Street Journal* article titled, *World’s Woes Leaving Lasting Scars*, “Investors go into 2012 hunkered down, frustrated and skeptical. This dour demeanor comes after a year where

many investors learned they had underestimated just how volatile and unpredictable life would be as the world’s major developed economies contend with a mountain of debt.” The article continued, “If there is a common theme among analysts’ forecasts for stocks, commodities and currencies, it is to brace for more of the kind of wild swings that were the hallmark of 2011. ‘We have to work our way through a lot of volatility, a lot of uncertainty,’ says Derek Young, head of the global asset-allocation division at Fidelity Investments.”

The Telluride real estate market, like numerous others across the country, therefore witnessed the repercussions of a still tender world economy. Furthermore, experts noted that middle-to lower-end markets were experiencing healthier activity, while higher end, resort markets remained slow. According to an article published by the Texas Association of Realtors on February 1, 2012, “Consistency and stability were the key characteristics of the [Austin] Texas real estate market in the fourth

quarter of 2011,” and in an article published by the National Association of Realtors on February 9, 2010, Lawrence Yun, NAR chief economist, said that figures reflect greater home sales activity at lower price points. “Sales have risen strongly in lower price ranges from one year ago, while sales at the upper end remain sluggish,” he said. “More importantly, we’re seeing a consistent trend of declining inventory, which means supply and demand conditions are becoming more balanced in more areas, which will help stabilize home prices.”

As for the status locally, TAR President Jill Masters said, “We are now seeing a decline in foreclosure filings and sales, which may be a

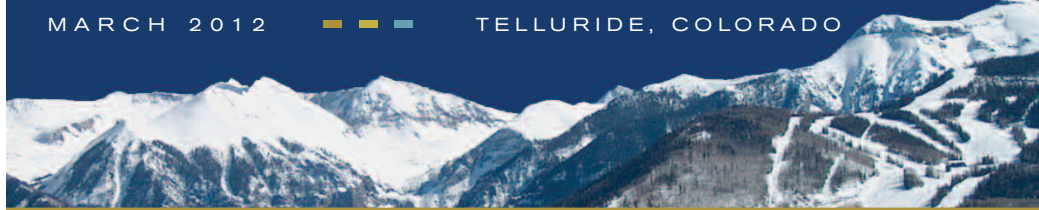
“We are now seeing a decline in foreclosure filings and sales, which may be a positive sign that sellers are able to hold on to their properties. There is a significant amount of equity in Telluride real estate.”

**TAR President
Jill Masters**

MARKET UPDATE

MARCH 2012

TELLURIDE, COLORADO



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Other significant transactions in 2011 included a \$5.5 million home sale in Telluride in September, a \$2.7 million condo sale in Telluride in September, three \$2+ million home sales in August, two \$2.5+ million home sales in June and a \$5.2 million home sale in May.

Sales numbers were also higher in 2011, a possible sign that there are “good deals” to be found in the region, particularly with regard to certain (though lessening) foreclosure and short sale properties. As previously mentioned, the 2011 sales numbers totaled 403 for the year, compared to 351 for 2010 (a 15% increase), but 2011 also boasted more activity than 2009 and 2008 where transactions numbers totaled 281 and 283, respectively, for those years.

ACTIVITY AND AVERAGE PRICES BY PROPERTY TYPE

As far as activity by property type, single-family homes were strongest in terms of dollar volume in 2011 with \$123 million total. Condos totaled \$89 million in dollar volume and land sales were at \$32 million. As for sales numbers, condos were highest with 132 transactions, single-family residential homes were next with 129 transactions and land sales totaled 74. Although homes sales were much higher in 2011 (\$231 million**), both condominium sales and land sales were lower in 2010 than in 2011 (\$84 million and \$28 million, respectively).

Average prices for the three main property types at the close of 2011 were \$953,000

Year	Total D. Vol.	Sales #s
2001	\$311 million	572
2002	\$281 million	618
2003	\$356 million	661
2004	\$534 million	790
2005	\$637 million	885
2006	\$670 million	832
2007	\$710 million	670
2008	\$310 million	283
2009	\$222 million	281
2010	\$364 million	351
2011	\$252 million	403

for single-family homes, \$674,000 for condos and \$432,000 for land. These figures are lower than those from 2010 (\$1.5 million for single-family homes***, \$913,000 for condos and \$491,000 for land) but are rather similar to those from 2004 and 2005 when averages were \$955,000 for homes, \$631,000 for condos and \$507,000 for land in 2004, and \$833,000 for homes, \$791,000 for condos and \$660,000 for land in 2005.

So as the Telluride market, like other markets, perseveres and slowly regains strength, is it returning to a less inflated “norm”? According to Aspen broker Tim Estin, who compiles the *Estin Report*, “In general, market prices have reset to a post-crisis level, off on average 25-40%, and in some individual cases more, from the 2008 market peak. But much depends on the property, unique circumstances and seller motivation. Prices remain

under pressure, at least incrementally, even assuming they have been re-adjusted to the ‘new norm.’ It still remains unclear the extent to which we have in fact reached a bottoming of prices. The big question everyone asks is ... ‘are we still falling or are we scraping along a bottom?’”

In the Telluride region, TAR President-Elect, Stewart Seeligson, commented on the market’s activity. “In our area, different segments are recovering at different paces. For example, the Mountain Village home segment seems to be firming along with the Telluride luxury home and luxury condo segments. The Mountain Village condo segment and the vacant land segments appear to require more time to recover. But, overall, the data suggests that the worst impacts of the recession are behind us.”

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

***The \$231 million total for single-family residential home sales in 2010 included a \$47.5 million home sale in April 2010; without that sale, the 2010 total is \$184 million.*

****The \$1.5 million average price for single-family residential homes in 2010 was calculated after removing a \$47.5 million sale in April. Including this sale drastically skewed the results to \$1.9 million.*

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UPCOMING EVENTS

APRIL 6

KOTO STREET DANCE

MAY 25-28

MOUNTAINFILM
IN TELLURIDE

JUNE 1-3

20TH ANNIVERSARY
BALLOON FESTIVAL

JUNE 4-9

WILD WEST FESTIVAL

JUNE 8-10

HERITAGE FESTIVAL

JUNE 21-24

BLUEGRASS FESTIVAL

WWW.VISITTELLURIDE.COM
FOR MORE INFO AND EVENTS

2011 AT-A-GLANCE

	SINGLE FAMILY	LAND	CONDO
TDV	\$123M	\$32M	\$89M
Sales #s	129	74	132
Average \$	\$953,000	\$432,000	\$674,000