

## Housing prices set new record

### Durango's numbers stable as price climbs to \$460,000

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By **Chuck Slothower** | *Herald Staff Writer*

The median sale price of a Durango home climbed to a record \$460,000 in the third quarter of 2007, an increase of 5.5 percent from the same period last year.

The record beat the previous high of \$448,000 in the second quarter of 2006.

The median is the middle purchase price of 44 homes sold by real estate agents from July 1 to Sept. 30.

The most expensive in-town purchase was \$1.25 million. The lowest price was \$220,000, according to Durango Area Association of Realtors statistics released Tuesday.

Median country home prices in La Plata County also hit a new high of \$379,450, an increase of 11.1 percent from the same period in 2006.

Homes sales in Durango increased 1 percent from the same period last year. There was also little change in the average days on market - a 1 percent increase to 133 days compared with the same quarter in 2006.

"Our feeling was it was a stable quarter," said John Wells, owner-broker of The Wells Group real-estate brokerage in Durango. "Residential homes year-to-date (sold) in-town Durango is right on par with last year."

But statistics from Bayfield indicated a downturn there. Only eight homes sold in Bayfield, a decrease of 20 percent. The median purchase price of Bayfield homes sunk 14.8 percent, to \$260,700. It marked the lowest price for Bayfield homes since 2005.

Average days on the market for Bayfield homes was 115 days for the third quarter of 2007 compared with 139 for the same period in 2006.

Bayfield has struggled with inadequate sewage capacity that resulted in a state-issued moratorium on new sewer taps from February to May. The town plans to build a new sewage-treatment plant next year.

The Durango resort market also experienced a weak quarter. The median price dropped 30 percent to \$177,750. And resort homes spent 85 percent more time on the market, averaging 283 days.

Cathy Craig, broker-owner of Durango Mountain Realty, said sales at Durango Mountain Resort remained strong.

"It's affected a little bit by the softening market," Craig said. "But we're still getting really strong buyers."

Craig said her volume sales year-to-date were "almost exactly even" with 2006 at just less than \$23 million.

Condominium and townhome sales dropped 30 percent.

Nationally, the real-estate market continued to weaken in September. Total existing home sales fell 8 percent, while the national median price for all existing homes dropped to \$211,700, down 4.2 percent from September 2006, according to the National Association of Realtors.

Problems in housing worsened in September after a severe credit crunch that hit in August as banks and other lenders tightened standards in the face of soaring mortgage defaults. The market all but dried up for subprime borrowers, those with weak credit histories and people seeking so-called jumbo loans more than \$417,000.

Many economists said the problems in housing could well last for another year, given record-high levels of unsold new and existing homes.

"The housing market is unraveling," said Mark Zandi, chief economist at Moody's Economy.com. "We are in a steep downturn and the prospects are that it is going to get worse before it gets better."

The troubles in housing have been a drag on overall economic growth, increasing worries that the housing slump and related credit market

troubles could become so severe that they will push the country into a recession.

However, many private economists believe that the Federal Reserve, which cut a key interest rate for the first time in four years last month, will continue cutting rates to make sure that the weakening economy does not tumble into a full-blown recession. The Fed meets again next week.

"The housing crunch is accelerating. The Fed can't stand by and watch," said Ian Shepherdson, chief U.S. economist at High Frequency Economics.

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