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Local home sales slow dramatically

Prices hold up in Durango, drop elsewhere in La Plata County

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Home sales slowed to a snail's pace in the first three months of 2009 while prices held up in Durango but dropped elsewhere in La Plata County.

“ It's hard to say for sure (if the market has hit bottom). I don't know that we'll know until the other areas around us have hit bottom.”
- Gina Piccoli, co-owner, Coldwell Banker Heritage House Realtors

Only nine homes sold in Durango during the first quarter of 2009, down from 21 during the same period in 2008. Dollar volume dropped even more precipitously, from nearly \$8 million during the first quarter of 2008 to \$3.5 million this year, a 56 percent decline.

In-town Durango homes spent on average more than six months on the market. The sale time of 184 days was up 31 percent from 140 days in the first quarter of 2008.

"The 2009 first-quarter transaction numbers were negatively impacted by the poor 2008 fourth-quarter economic conditions as well as the turmoil in national financial markets," the Durango Area Association of Realtors said in a news release. "We will continue to monitor these changes, keeping in mind that first quarter statistical data is a small piece of a larger puzzle and is not definitive in forecasting a full-year trend."

Prices for Durango homes appeared to be unaffected by the slowdown. Homes sold for a median price of \$404,000, up from \$370,000 in 2008, a 9 percent increase.

The median price is where half of the homes sold for more, half for less. Unlike the average price, it is not affected as greatly by the sales of a few high- or low-priced homes.

In-town Bayfield prices fell 16 percent, from \$295,000 to \$247,500. La Plata County country homes did worse, selling for a median price of \$284,300, down 25 percent from \$379,000. It was the first time since 2005 that the median price for country homes slipped below \$300,000.

Six homes sold in Bayfield, up from five during the first quarter of 2008. Country homes saw a drop in sales from 47 to 42. It was the lowest first-quarter sales figure for country homes this decade.

The first quarter typically is among the slowest periods for real estate sales. The big question is whether slow sales will continue through the usually busy summer season.

Gina Piccoli, co-owner of Coldwell Banker Heritage House Realtors, said it's too early to tell whether the real estate market has hit bottom.

"It's hard to say for sure," she said. "I don't know that we'll know until the other areas around us have hit bottom."

Some of Durango's so-called feeder markets, where local homebuyers often move from, have been hit hard. Those include Phoenix, Las Vegas and, to a lesser extent, Denver.

Properties costing less than \$280,000 have been selling briskly compared with costlier listings, Piccoli said.

"People are nervous about making a big investment," she said.

Low interest rates and the \$8,000 tax credit for first-time homebuyers included in the federal stimulus bill are helping, Piccoli said.

"It's helped some of those people who may not have qualified before qualify," she said.

Sales for low-end properties have brought down the median sale price in some areas, but that doesn't mean home values are falling, Piccoli said.

John Gillam, owner of Century 21 Premiere, said he was beginning to see interest pick up.

"We're getting more activity right now than we did at this time last year," he said.

One national forward-looking indicator showed improvement in February. The National Association of Realtors' Pending Home Sales Index, which is based on contracts signed in February, rose 2.1 percent to 82.1 from a reading of 80.4 in January. But that's 1.4 percent below February 2008, when it was 83.3.

Lawrence Yun, the association's chief economist, said in a news release that the market is continuing to underperform.

"Pending home sales have a way to go for there to be a meaningful increase," he said. "But recent increases in shopping activity are hopeful indicators that we'll see additional sales gains."

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