

## Real estate & development in the Northern Rockies

# Amenity Properties Hot, Entry-Level Housing Not

By Yogesh Simpson, 10-25-07

NewWest.Net's second annual conference on Real Estate and Development in the Northern Rockies kicked off this morning at 10,000 feet, with an aerial view of the housing market from economist Christopher Thornberg.

The first panel of the conference, right after Thornberg's presentation, was more on the ground level. The panel, a mix of developers, investors and real estate agents, looked at the trends in the housing markets in and around Missoula, Hamilton, Bozeman, and Coeur d'Alene.

In summary, the panelists said across the board, the national slowdown in the housing market is hitting hardest on the low end of the market. But for the most part the amenities offered by many areas of the Rocky Mountain West are still attracting mid to high-end buyers resulting in a softer blow to real estate than is being felt in the country at large.

Representing Missoula on the panel was Mary Yardley Marry, of the Missoula Organization of Realtors. Marry downplayed the impact of the national trends on Missoula's market.

"The good news is our economy in the Missoula are is still strong," she said. "Rates are still low."

The bad news, Marry said is, "people got used to using their houses as an ATM, at least a lot of people did, and they've drained their equity."



Left to right: Ed Morse, Morse & Co.; Mike Barrett, Prudential Montana Real Estate; Mary Yardley Marry, Missoula Organization of Realtors; Bill Perrin, Farmers State Bank. The discussion was moderated by Jonathan Weber, NewWest.Net Publisher and CEO. Photo by Matthew Frank.

In general Marry said the low end of the market was underperforming, compared to the market above the \$300,000 level. Above that the market is strong, in part because the majority of the people moving to the area were already in the state or are returning as retirees. This is boosting the condo sales, Marry said.

Bill Perrin, of Farmers State Bank painted an optimistic picture of the markets in Ravalli County in Montana, which he broke down into three sectors.

The north end of Ravalli County, he said, largely follows the Missoula market, with prices being slightly cheaper, and the central part of the country around Hamilton is strong. It is the southern end of the county, Perrin said, that is more susceptible to national downturns, since the parcels tend to be larger and the buyers tend to be from out of state.

Though Perrin said the market is slightly weaker than the rest, there are still sales of more than \$1 million sales happening. "In general we're fairly confident for the next 18 months," he said.

Gallatin Valley has grown by 1,500 people in the past year, and though this may seem like a relative boom, it is actually good growth, said Mike Barrett, of Prudential Montana Real Estate in Bozeman. Barrett spoke primarily about the changes the valley and neighboring Big Sky has undergone in the past 10 to 15 years.

As a market barometer Barrett mentioned that in 1994 there was one house in Big Sky selling for more than \$1 million. Today there are at least 20 properties going for over \$2 million. And doesn't seem to be going anywhere.

"There are more people than we think that have those kind of dollars," Barrett said.

Ed Morse, of Morse & Co., in Coeur d'Alene Idaho, described a similar situation in Kootenai County, of which Coeur d'Alene is the county seat, and where there are currently 11 18-hole golf courses with two more on the way. Entry level homes in golf developments are in the neighborhood of \$1 million.

Though it's hard to tell exactly what is happening with the market on the high end, Morse said, there is clearly some slowing. But these buyers are generally more insulated from the financial pressures that affect the average American consumer.

From 2000 to 2006 Kootenai County experienced a population growth rate that was four times the national average. But the downturn in the housing market has mirrored national trends more than the other areas represented on the panel, specifically with regard to a glut of inventory and

labor surplus.