

Upscale and Regular Homefront News

Super-Rich, Wow, Still Buy Big; Other Real Estate Creeps Along

By Robert Struckman, 11-30-07

The most recent year-to-date numbers from the National Association of Realtors just came out. And they're pretty rugged. Home sale prices across the nation are down 5.1 percent from this time last year. The number of homes sold is down 20 percent. (See the raw data [here](#). Click on Total Existing Home Sales.)

Of course, those broad numbers hide the peaks and valleys across the nation. Missoula's market is a lot different from the housing market in Boise, which is different from Laramie, Wyo., which is... You know what I mean.

In Missoula a developer told me this morning (Friday) that last year he had sold 12 homes in December in one of his developments. This month: none so far. He made that comment to indicate the shift in the marketplace, not as a lone anecdote. His feeling is that buyers in Missoula (which remains largely unaffected by the subprime woes of larger markets because it still remains a market of old-school, down payment-style loans) are waiting to see if they can get a better deal on a house if they wait a bit.

But check out this [piece of news](#) from the rarified air of Aspen, Colo. According to Tim Estin of Mason Morse Real Estate, sales in that tony little rich town reached \$2 billion by the end of October, the first time it passed that gargantuan mark so early in the year.

Estin's numbers come from a review of deeds recorded with the Pitkin County Clerk's office. The total dollar figure for sales is up nearly 9 percent over 2006, even though the number of transactions was down about 30 percent.

What to make of these seemingly conflicting pieces of information? Is this like comparing figures from the moon and Mars?

Economist Chris Thornberg of [Beacon Economics](#) in Los Angeles said the numbers from the

NAR actually surprised him—by being so good.

“They sort of shocked me, maybe because October was so bloody,” he said. (Remember that link above to the NAR data? Go back and look at this year’s drop in price from August to September.)

As for the super-rich? Like with those homes in Aspen? Those numbers seem to show an immunity from the national real estate ailments because, well, those massive-net-worth-ers are immune from the direct effects of the subprime markets and the overbuilding of homes in the \$300,000-range.

“The top (of the real estate market) is driven by income. Income is doing fine,” Thornberg said. “The top part is fine, too, because we haven’t had a recession yet. Yet. That’s the key point. Yet.”

When the economy takes a significant dive, the Aspen buyers might see their \$5 million annual earnings get trimmed to \$4 million, Thornberg said. That’s when Aspen’s market will come back to Earth. Or come closer anyway.

“Somehow, it’s hard for me to feel bad...,” Thornberg said.