



## A QUARTERLY MARKET REPORT FROM SANTA FE'S LARGEST LOCALLY OWNED AND MANAGED REAL ESTATE BROKERAGE

AS WE MOVE INTO THE FOURTH QUARTER OF THE YEAR, Santa Fe embraces the harvest season with fresh chile ristras, apples, and multicolored corn decorating our homes and pleasing our palates. Fall is the season that many Northern New Mexicans say is the most lovely. An early winter storm kicked up last week, leaving the Sangre de Cristos glistening with snow.

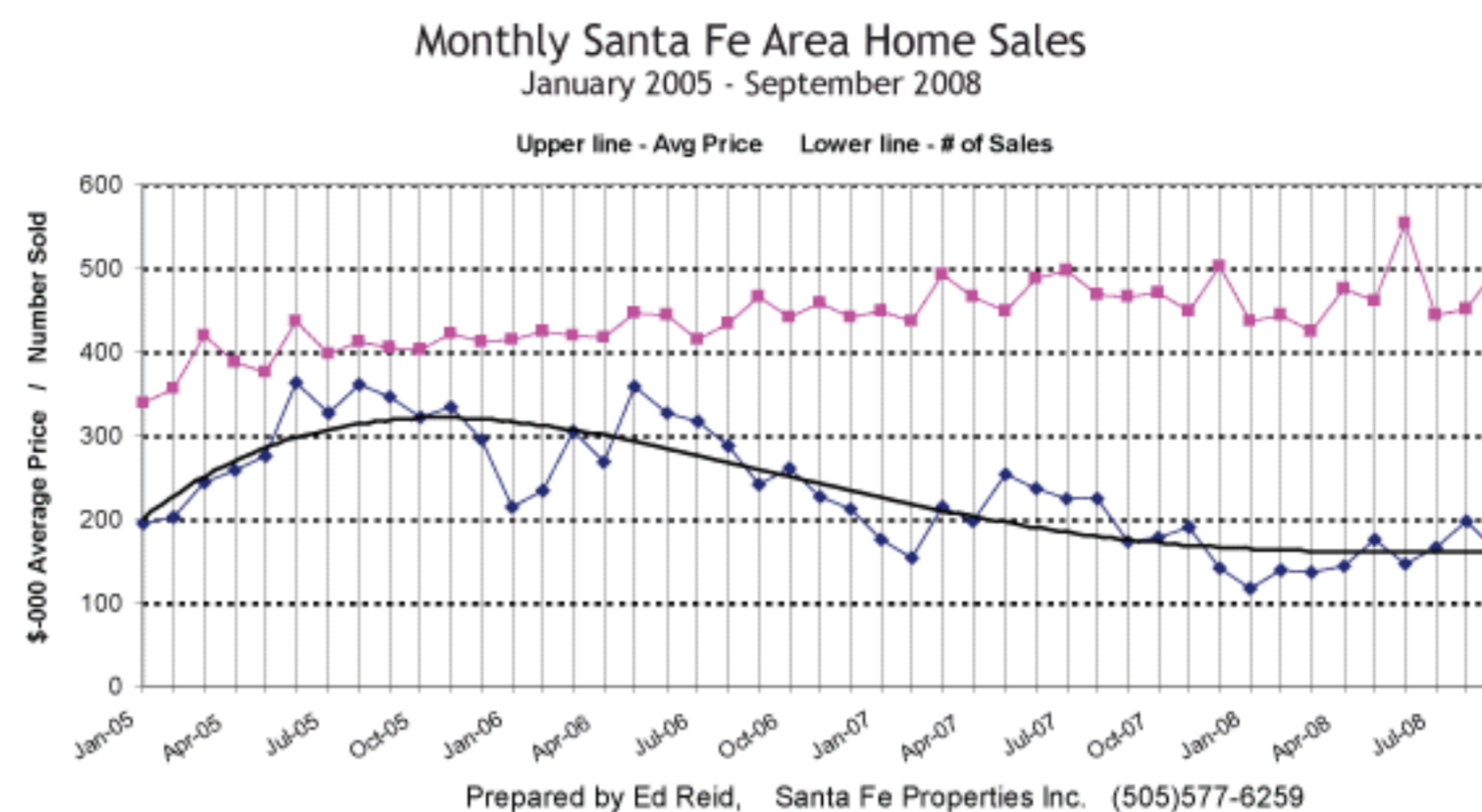
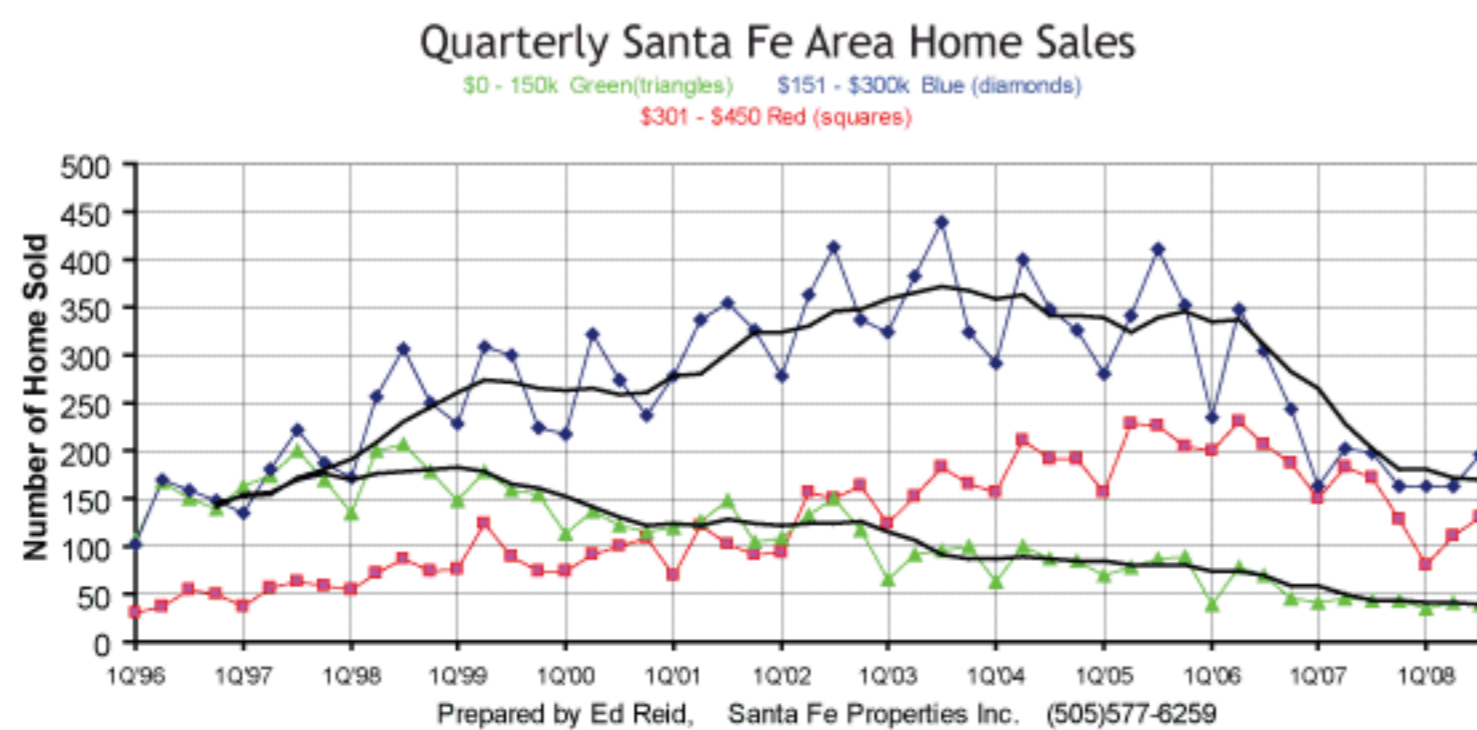
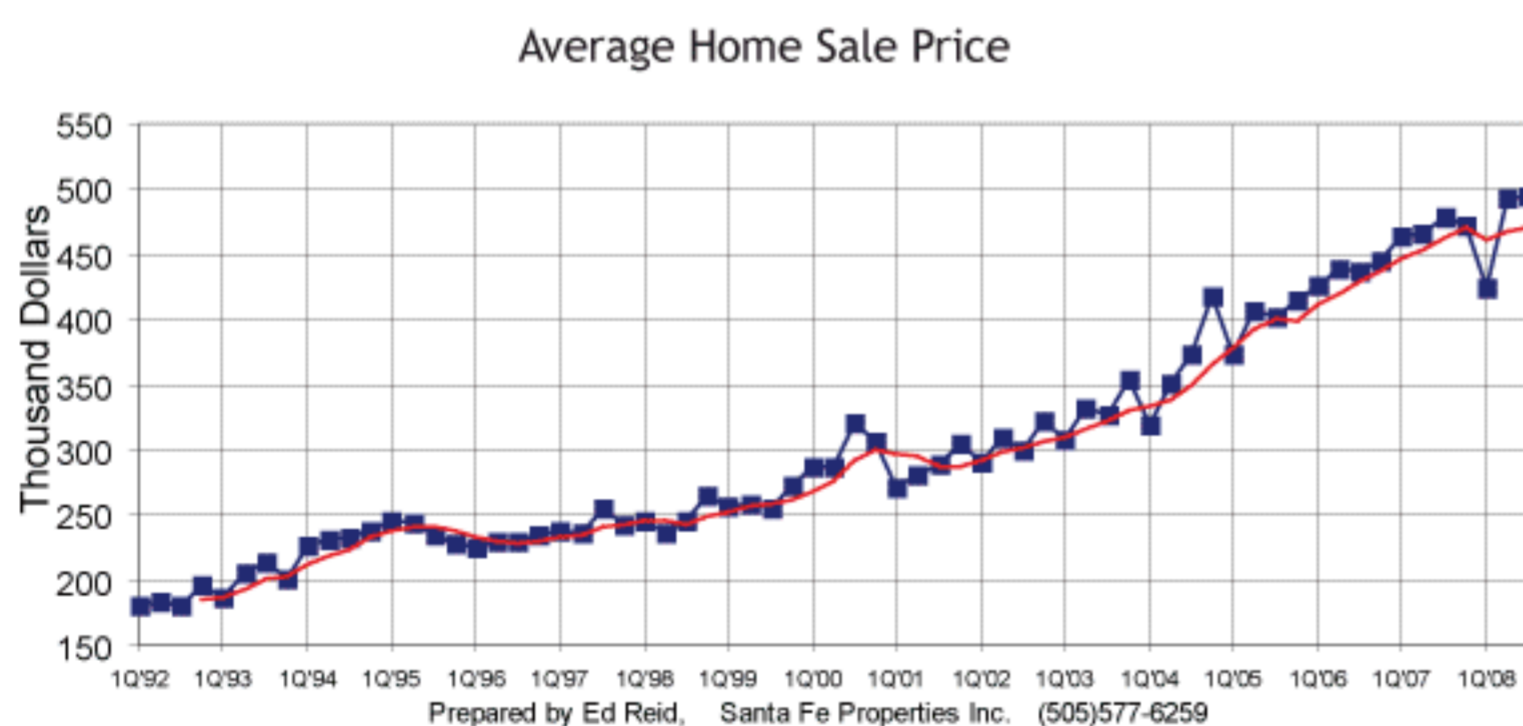
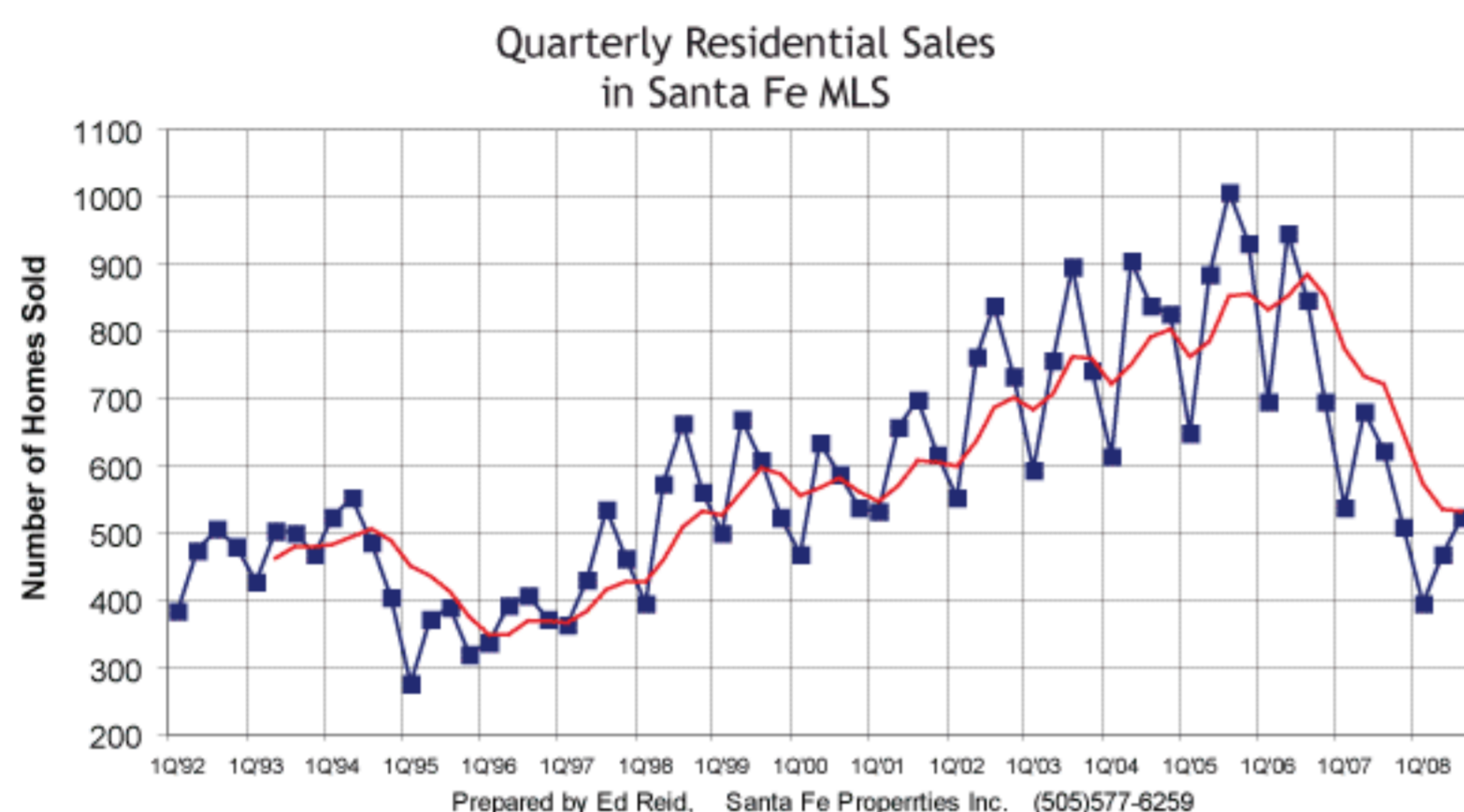
Marked by a loss of confidence in the banking and financial industries, our third quarter did have a stormy end. Few foresaw this as a likely result in August 2007, when fears first surfaced over subprime mortgages and related financial products. With the credit crisis and higher commodity prices, consumers are pinched and wary.

Here in Santa Fe, there are some mitigating factors. We are celebrating the opening of the Railyard District and the new Farmer's Market. The project is proving to be a great success with hundreds who worked on the project joining many supporters and three mayors, including Debbie Jaramillo who started it all. A substantial addition to Santa Fe's downtown area, tourists and locals alike now explore the sidewalks and shops. The light rail train to Albuquerque will begin operation in December.

The new Convention Center, a beautiful and functional piece of architecture, hosted the International Conference on Creative Tourism, its first conference. Attendees from 23 countries, some from UNESCO Creative Cities (Santa Fe is one), participated in the conference with a program focused on creative tourism and enjoyed an elegant finale, a "Taste of Santa Fe" dinner dance.

Total home sales in the Santa Fe area in the 3rd quarter were up from the 2nd quarter by about 11%, and below the 3rd quarter of 2007 by 16%. The average price of a home, buoyed by strong sales over \$2 million, held at the all time high just under \$500,000. Total dollars spent for real estate held at second quarter levels, about 20% below last year. The lackluster third quarter probably portends a winter of soft sales. Beyond that, the relatively strong Santa Fe market will be bucking unpredictable headwinds from the global economy.

The Santa Fe home market correction became evident in the 3rd quarter of 2006, as a drop in the number of sales by 20% compared to the year before, particularly in the lower priced homes. Sales had peaked in the 3rd quarter of 2005. The monthly sales chart details the decline to 116 sales in January of this year, and returning to nearly 200 again in August. The trendline has flattened, offering



The Railyard and the Southeast quadrant of the City were next best of the areas analyzed with sales above 90% of the 2007 numbers.

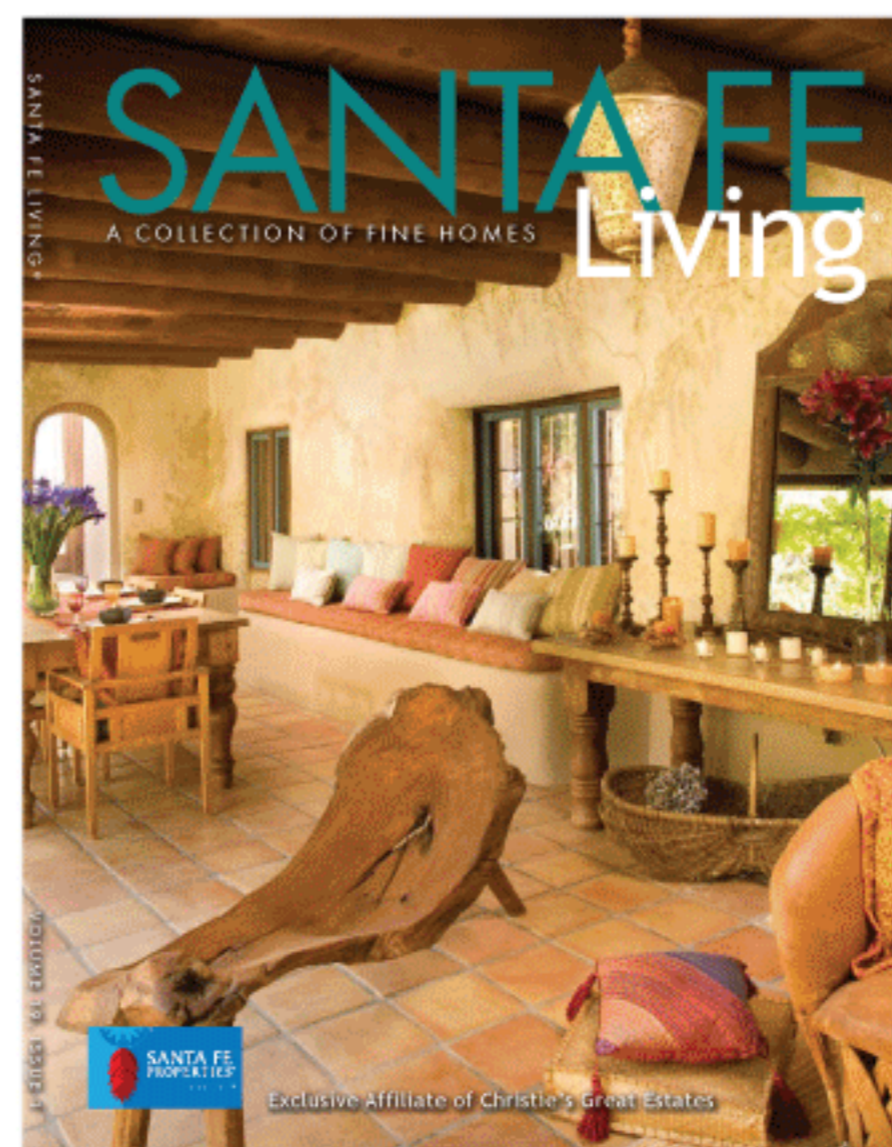


3rd quarter, with sales up 50% above the 2006 level (with 9 closings versus 6), and 900% above the 2007 sales level (9 sales versus only 1). With a small sample like this you can spot trends early, but you get a lot of scatter in the data.

evidence that the bottom is here. Given the economic problems, sales probably will sink back under 150 per month this winter. It would be surprising, even in these times, if it broke below last January's low. With the variations in different sectors of our market, it is useful to compare different areas of Santa Fe to see which have held up best. During the first three quarters of 2008, Las Campanas was the strongest, just matching sales in the same period last year.

Looking back two years, comparing the 3rd quarter of 2008 to the same period in 2006, sales were down in all MLS areas. The northeast quadrant of the City, which fell from the 3rd quarter of 2006 to the 3rd quarter of 2008 by 4%, was the strongest performer. Next best was the Southeast quadrant where sales fell 8%, and third, Las Campanas sales fell 17%. The Guadalupe-Railyard area, part of the MLS southeast quadrant, did very well in the

## ARRIVING November 17th... The 19th edition of **Santa Fe Living**....



Comprising the most distinctive home, land, and ranch offerings in our listing portfolio.

Call an Associate Broker at Santa Fe Properties today to receive your copy.

