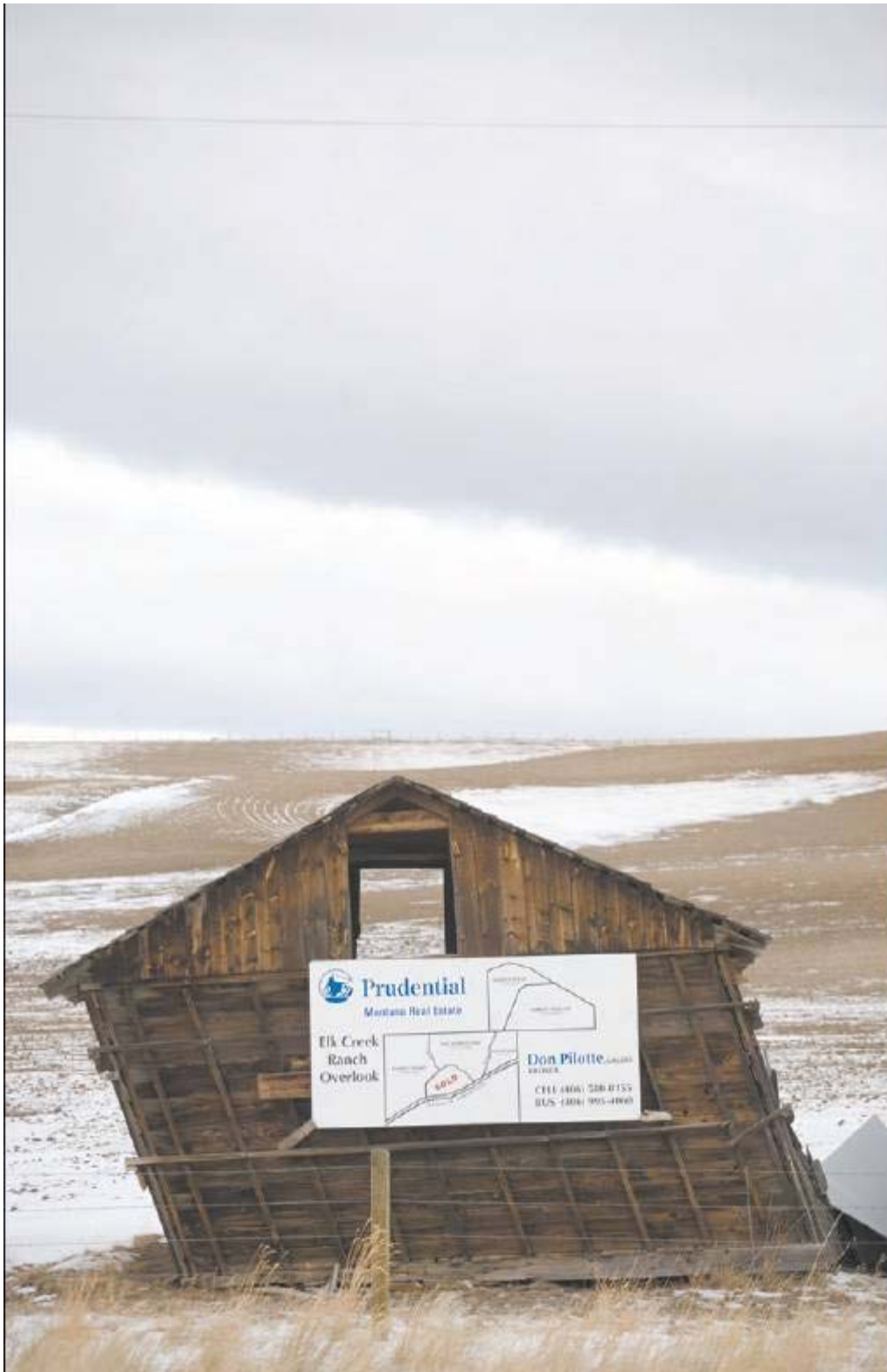


Finding the market



NICK WOLCOTT/CHRONICLE

Along with the slump in the housing market, ranch sales have dramatically dropped since 2006.

Report: Amenity ranch sales decrease

REPORT: AMENITY RANCH SALES DECREASE, smaller parcels listed at twice value

By **JESSICA MAYRER**
Chronicle Staff Writer

While Western Montana properties larger than 1,000 acres with attractive amenities like tall trees, killer views and meandering trout streams are holding their value, a veteran real estate broker said Thursday that the total of such acreages sold has decreased by 75 percent in the past two years.

These so-called "amenity ranches" sold for about \$1,768 per acre in 2008, according to a recently released report by Norman C. Wheeler and Associates, a real estate brokerage and consulting firm.

But it's really hard to say what the properties are worth because there hasn't been much activity in that market, Dave Johnson, partner at Hall and Hall, a Bozeman real estate brokerage specializing in ranch properties.

"Sellers are hung up in not wanting to take a hit in value," he said. "And buyers are not wanting to pay. ... There's not much selling."

Meanwhile smaller ranch parcels with fewer amenities are being listed, on average, at prices that exceed their market value, the report's author,

Clark Wheeler said. As the rush to subdivide dies down, these properties are going for about half as much as they did in 2005.

"In Bozeman, people aren't ready to face reality," Wheeler said. "People are trying to find the market."

Some folks will be able to hold on until values begin to climb again, but those pressed to sell will likely have to suck it up, Wheeler said.

Wheeler's report also looked at lots smaller than 1 acre. In the Bozeman area, the average listing price for a lot was \$516,000 in 2008. But the average sale price was \$260,000.

And, of the 600 listed lots that size in the area, only 64 sold last year.

Johnson predicts that the gap between list price and actual market value is closing.

"We're seeing a continuous drop in asking price," he said.

But because there is so little activity in the middle-range marketplace, it's tough to get a grasp on what property values actually are, he said.

"Really, all you can point to is what used to sell," he said. "It doesn't really tell us anything except buyers aren't responding."

"In Bozeman, people aren't ready to face reality. People are trying to find the market."

— Clark Wheeler

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Overall, property values in Western Montana rose about 13 percent each year for the past 10 years, peaking in 2007. Last year they increased by approximately 1.3 percent, Wheeler said.

But during the next two to three years, Wheeler said the land market around Bozeman could slip up to 30 percent.

“We have moved from

a market brimming with buyers looking for a limited supply, to a market with limited buyers,” he said. “I think it’s going to be 2010 before it starts back.”

But when the market does revive, it will likely bounce back quickly, Wheeler said.

Johnson said much of it depends on the stock market’s revival. Even folks with deep pockets now have short arms.

“They’re just not willing to reach down there and pull it out,” he said.

But it’s not all bad news, Wheeler said. The smaller parcels will likely be tough to unload, but the more than \$62 million in recreational ranch sales last year is proof the high-end market is still humming along.

“There’s still big stuff out there that’s selling,” Wheeler said.