

Asset Preservation has quite a ring to it these days. The term was always there but under the surface when gains and appreciation were the talk of the day. Asset Preservation is surfacing more with the recent financial market meltdown. Not losing capital has always been a foundation block of financial planners and portfolios were weighted toward stocks based on historical positive performance. That was before America outsourced for cheaper labor, stopped saving, overspent and add your own favorite cause as the list goes on. If you have no measurable assets, or were able to avoid the losses in securities, there is still a good chance you will see an impact through your job before this is all over.

I consider myself a conservative investor, so when looking for a mutual fund I want to see preservation of capital investment as a primary goal. I study historical performance, risk, management team and all that boring research to make sure I don't make a bad choice. Guess what? That highly rated fund is off 40%. Fortunately it is a small percentage of our portfolio. My wife and I made the decision some years back to use our IRA money to buy Real Estate. Most people are not aware that avenue exists as an investment alternative within an IRA. You can even buy shares in an LLC that owns Real Estate. When the market is moving and substantial gains are realized, that profit goes back into the IRA tax free. Of course all non Roth IRA distributions will be taxed, but the advantage of the gain pass thru is clear.

It was a few years ago that Warren Buffet warned investors that the financial markets were headed into a period of uncertainty, where even insiders would be unable to make sense of things and thus make good investment decisions. He went on to give his choice for investing in this era, Real Estate where the supply is controlled and there is consistent demand. He added a strong word of caution regarding supply. The investor must verify that there will not be a flood of new inventory, changing the supply vs. demand ratio. The Real Estate in San Miguel County is in short supply compared to other mountain Towns and that supply is tightly controlled. There is very little private land in the County and that land has been planned and zoned. There simply will not be any more supply in the close to Telluride area.

When there have been slumps in the National economy such as the recent period starting in mid 2000 culminating with a stock market low in the fall of 2002, the value of Telluride area Real Estate did not decrease as equities tanked. The average selling price for a home in the Town of Telluride went up 27.7%. Values here go up with the markets and hold even when the markets go down. We are again seeing that case with sales in 2008 of Mountain Village and Town of Telluride homes both going up modestly in price per foot compared to 2007. It proves that Telluride area Real Estate is a good choice for Asset Preservation.

Then let's consider who the Buyer might be that will come in and sustain this paradise. Boomers are now even more fed up with their stressful work situations and looking for a lifestyle change. Many have incomes that are unaffected. In Telluride the sky is blue except when it is dumping. The water comes out of the tap really cold. The schools are excellent. You can get around without a car. This is a great place to live where you can escape living in the real world and still visit it on your computer at a safe distance. Stocks are not fun to use and have for playing. Investing in the Telluride Real Estate market gives you a better chance to preserve assets, not to mention enjoying them and the lifestyle as well.

**Steve Patterson, Treasurer for the Telluride Association of REALTORS®**