Economy Brighter at Sierra Town

Mammoth Ski Area Reports Record Year

By LOU DESSER

MAMMOTH LAKES—This eastern Sierra resort town has survived three major economic setbacks in recent years, always recovering and advancing with new vigor.

Once again the newly incorporated city (Aug. 16, 1984) is on the upswing economically. Indications are that Mammoth Lakes is gradually overcoming the devastating effect of volcano warnings by government geologists and media coverage of their findings.

Desser is news editor of the Times real estate section.

(The geologists have since downgraded earlier estimates of potential hazard to the community from what they determined to be an upsurge in volcanic activity. Some townspeople point out that Mammoth Lakes is in no more danger, probably less, than Southern California, an area pegged by scientists for a major earthquake before the turn of the century.)

One encouraging sign of renewed prosperity for the town is a report from the Mammoth Mountain Ski Area—within the town limits—that it is experiencing its best year ever. The number of skiers is up 9% over 1981-82 (the previous record season).

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The popular ski area, among the largest in the country, draws the majority of its skiers from Southern California.

Another good sign is renewed activity in the resale condominium market, according to real estate agents. "We're getting a lot more lookers," observed David Buckman, vice president of Mammoth Properties.

The attraction could be that many properties are being sold at 1980 prices, he said.

"Four to six months ago there were a number of bank foreclosure sales here." Added to that was the sale of their condominiums by people with economic problems

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elsewhere who were obliged to accept appreciably lower prices for their units. "This created a flurry of sales," he said.

There were 120 escrows pending in Mammoth Lakes in mid-February, totaling $12.9 million, according to Buckman. Resale listings totaled 357, with an average price of $116,500, he said.

Eighty-seven new units are currently on the market. "These are projects that are not involved in foreclosures or auctions," Buckman said.

An additional 25 units, involved in foreclosures and taken over by lending institutions, are available to buyers.

Drought Years

Mammoth Lakes has had its economic ups and downs over the years, as old timers will testify. Buckman doesn't claim to be one of those but says, "In the 11 years I've been here, this is the third hills-and-valleys economic situation the town has experienced.

"The first was the gasoline situation, when it was asked: 'If people can't afford to buy gas, how can they come to Mammoth?' There were the drought years and most recently the earthquakes (accompanied by geologists' warnings of danger from volcanic activity)."

Each time there was an exodus from the town, Buckman said. "There is always a revolving door of people coming and going—it's not an easy area to live in.

"But now I see people interested in coming up and getting into retail businesses, whereas six months to a year ago that wasn't happening."

The condominium market is the best since 1982, believes Don Haas, sales associate at Coldwell Banker Leisure Real Estate. Prices are down 30% from their highs, he said, auguring for an excellent sales year.

Home prices have come down, but the bargains are selective. In the current resale market, one-bedroom and studio units (10-12 years old) are averaging $45,000 in price, according to Haas.

Slow Period

Two-bedroom units, which sold for $100,000 in 1981, are in the mid-$80,000-range today, he said. Haas said that condominiums with two bedrooms and loft are averaging $110,000 plus.

Haas said that real estate sales at Mammoth Lakes slow traditionally during January and February. They start up again in early June.

Then, when people start think-

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ing about skiing again (September-October), sales resume for the winter season, Haas said.

There was virtually no real estate activity at Mammoth between January, 1982 and July, 1984, remembers Chuck Tomajko, broker at Mammoth Real Estate Inc. But then, in August, 1984, sales "took off."

Today, home sales are 40% off the peak year of 1981, Tomajko said. But the bargain hunters are out looking for foreclosures.

One example, he said, is at Snowflower, a condominium project whose developer went bankrupt. Units that were priced originally at $180,000 to $275,000 are now on the market for $125,000 to $175,000. But there aren't many such bargains left.

In November, 1984, Downey Savings & Loan advertised the foreclosure sale of five new condominiums priced from $155,000 to $160,000. "A real bargain," the ad read.

Gary Williams of Cedar Creek Investment Co., who was just re-elected president of the Mammoth Board of Realtors, said home sales were brisk during late August and September of 1984 because of pent-up demand and lower prices. An auction of 34 condominiums at the Aspen Creek development in September built up excitement and led to other sales in Mammoth, Williams said.

Today there are 12 real estate offices operating in the town. There were 35 when business was booming, according to Williams. Then there were 300 to 400 agents. That number has dwindled to 80.

"The volcano reports have lost their credibility, hysteria has lessened and we are looking for a good summer," he said.

A more positive attitude on the part of Mammoth visitors has been noted by Roger Parsons, broker at Cascade Real Estate Co. He has seen home prices drop 20% from their peak, creating a buying incentive.

When home prices soared in the

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late 1970s, many people were priced out of the market, Parsons believes. Now, prices have come down to a more realistic level, he said, and "there are a lot of excellent buys."

Appreciation of second homes has been relative. Those who bought condominiums four years ago will lose money if they sell today, while those who bought 10 years ago will come out ahead, he said.

Lenders are pursuing the second-home market, according to Parsons, and they are very competitive. He said interest rates are much the same as in Los Angeles, with two or three points being asked.

Parsons, who is personally involved in the development of a Quality Inn in Mammoth Lakes, said there is a "tremendous need for motels and convention centers in town." This he discovered in a recent survey.

The $2.5-million Quality Inn project will have 61 units and underground parking. Use permits have been issued and construction will start this spring.

Few New Units

While there has been little new condominium construction, there are a few new units on the market, according to Mammoth Properties' Buckman. They are Winterset ($122,900 to $150,000), Snowcreek ($93,700 to $300,000) and The Bridges ($260,000 to $400,000).

A recent newspaper advertisement for Winterset declared that prices at the development had been "reduced up to $30,000, and offered 30-year, fixed-rate financing with 10% down. Mammoth Properties is the sales agent.

Reopening of the 75,000-square-foot Mammoth Sierra Center in January brought some optimism to the bleak commercial picture in Mammoth Lakes. Leasing has resumed, and on July 1, Roget's restaurant, a familiar establishment to skiers, will move from Minaret Road to open in what was formerly Tillie's at the shopping center, according to Bill Taylor of Mammoth Sierra Properties.

His firm is handling management and leasing of the center for Southern California Savings & Loan of Beverly Hills. The latter firm took over the center after bankruptcy proceedings.

Rent Dropped

Almost the entire first floor has been leased, he said, and negotiations are under way for a second restaurant.

"We've seen the bottom of the commercial slump," Taylor said. "Rents have come down drastically and landlords want to see stores healthy and making money before they raise rents.

"All the shopping centers have suffered to some degree and there is uncertainty on the part of retailers, who hope to recoup after tough times."

Taylor believes the construction of three shopping centers at virtually the same time (1981-82)—Mammoth Sierra, Minaret Village and Old Mammoth Mall—resulted in an overbuilt situation. About 185,000 square feet of net leasable space became available at that time. Prior to that, there was virtually no retail space available, he said.

"Lots of retailers moved into the new centers—and then the economy went bad."

There is a link between residential sales and commercial activity. Now that home sales have picked up, stores are doing better, Taylor said.

Mammoth Lakes is just over 300 miles north of Los Angeles on California 203.