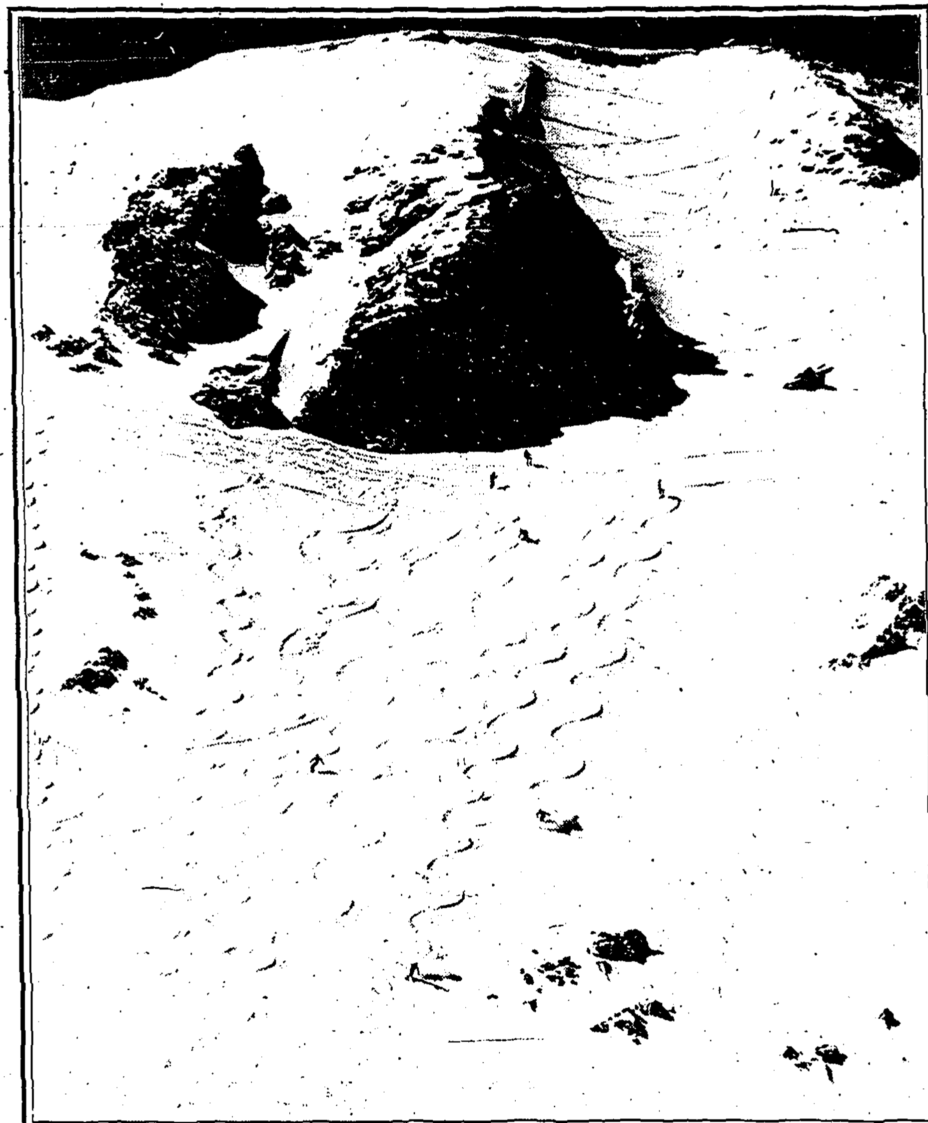

Mammoth Mountain is magnet that brings affluent condominium buyers to High Sierra resort community.

Ski Resort Rides Realty Lift

Sales Strong Despite U.S. Housing Avalanche

By LOU DESSER

Despite a nationwide crisis in the housing market, a California ski resort is experiencing a real estate boom that would be noteworthy even in normal times.

Spokesmen for real estate interests at Mammoth Lakes report that residential sales are surprisingly strong, even though prices for condominiums there start at $150,000. Buyers of second homes in the Mono County High Sierra community are primarily from Southern California, drawn to the area by Mammoth Mountain, rapidly becoming the West's largest ski complex.

The quirk in national norms has been attributed to a growing number of affluent buyers, a dwindling supply of developable land and to a heightened awareness of the resort's potential.

In the commercial sector, too, there is an explosion of activity. Three major shopping-office centers are under way, one of them to include a new super Safeway market; a 30,000-square-foot athletic club has opened and a score of retail stores, offices and restaurants are being built. Mammoth's first commercial condominium, a $1.2-million development of Thee, Russell & Gunter, will start construction about May 1.

Mammoth Lakes' largest real estate firm is setting records, according to David L. Buckman, vice president of Mammoth Properties. "This year Mammoth Properties will close escrow on more than $30 million worth of property—almost double our previous best," Buckman said.

Builder-developer Roger B. Affa, who has invested $35 million in Mammoth this year, reported the sell-out of his 42-unit Mammoth Sierra Townhomes. The units, priced from $150,000 to $229,000, were completed in April and sold out by November, he said.

Snowflower, a second Affa Construction Corp. development, opened in July, is more than half sold, well ahead of projections. Condominiums in the 88-unit project are priced from $189,000 to $275,900.

"I feel Mammoth will continue a growth rate of 15% to 20% for the next 10 to 20 years," Affa said. The fact that Mammoth prices are well below those at such ski resorts as Aspen and Vail will be a factor, he believes.

"While other major ski areas are asking $200 to $300 a square foot, Mammoth is priced from $125 to $150 a square foot," Affa said. But prices at Mammoth should increase 60% in the next three years, he predicts.

Affa has four residential projects on the drawing boards. He hopes to build two, possibly three, next summer.

Desser is news editor of The Times real estate section.

Affa Construction Corp.'s $15-million Mammoth Sierra Centre, featuring four malls, four restaurants and a variety of stores, is due for completion about Feb. 1.

Mammoth is on the verge of becoming another Aspen, believes E. L. Edwards, chairman of the board at the Bank of Mammoth. "Mammoth prices are still below Aspen's and now we're seeing people of wealth investing here, just as they have done there," he said.

Aspen condo prices range from $300,000 to $500,000, while Mammoth's are between $150,000 and $300,000-plus, according to Edwards. There is only an estimated 600 acres of developable land left at Mammoth Lakes, he pointed out, and that should be gone in five to six years.

Wayne Wedeking, president and chief executive officer at the Bank of Mammoth, said he is "baffled by this whole growth thing and a little awed." The bank,

'Individuals put $100,000 down on a condominium. We've had down payments as high as $200,000.'

opened in November, 1980, with a capitalization of $1.7 million, now has $15 million in deposits and $19 million in total assets, exceeding all projections.

"We've not seen any effect here from the recession," Wedeking said. "The record crowds over the Thanksgiving weekend showed that people will spend their dollars for recreation."

Referring to a recent condominium auction at Mammoth, Wedeking said "it was the result of 'flatlanders' coming into an area and building a project without sufficient talent and knowledge (of the area)."

Added Mammoth Properties' Buckman: "The bank was at a point where they could have foreclosed but didn't want to, and the investors had had enough—so the only alternative was to try to recoup whatever they could through an auction."

Mammoth condominiums are being sold to affluent people, Buckman said, explaining his sales success this year. "These people have the carrying power necessary, and the tax write-off helps them to protect the high incomes they are generating somewhere else."

"At Mammoth we have individuals who put $100,000 down on a condominium," he said. "We've had down payments as high as $200,000—and this for a second home!"

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MAMMOTH: Resort Rides Realty Lift

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"One client, whose wife wanted to be as close to the ski lifts as possible and didn't want to ride the shuttle bus, insisted on writing a check for the entire purchase price—$340,000—of a well-located two-bedroom and loft condo unit if he could get a discount for paying cash," Buckman said.

Buckman thinks Mammoth condos will continue to appreciate at, or close to, the rate they have in the past.

"This town since I've been here has had the ability to withstand the gasoline problems, the droughts and everything else—to absorb from $200 million to $350 million a year (in new units)," he said. "Mammoth has done it year after year.

"Looking back, we asked the same thing then: Will people pay $100,000 for a unit? Now we're talking about $200,000 and $300,000.

"I remember when we opened The Summit—the one-bedrooms were selling for $24,900. The biggest problem we had was convincing the salespeople that people would buy at that 'high' a price. Today, those units are selling for $100,000-plus."

Drawing a comparison between the real estate market in Southern California and Mammoth, Buckman said: "Down there we are dealing with properties priced from $60,000 to $130,000—probably 80% of them. People in the market for such properties are on fixed incomes, and when interest rise 1% to 2% they are immediately put out of the market because they can't qualify.

"Here we are dealing with affluent individuals who do not fit into that category," he said.

Mammoth Properties has a subsidiary in Southern California which, until two years ago, was winning every marketing sales award—making sales in excess of $200 million over a two-year period, according to Buckman. "For the past year and a half we've had as many as 1,200 units for sale and it's been like we weren't even in business," he said. "The market has gone completely slack."

Buckman said he thinks Mammoth is heading in the same direction as Newport Beach was when he was growing up. "It was a user area then," he said. "Today, it's only for the rich and super rich.

"There's only so much land and it's going to become increasingly hard to obtain," said Buckman. "The mountain is the magnet."

The town of Mammoth Lakes likes at the base of 11,000-foot Mammoth Mountain, noted for its deep snow packs and long ski season. Fishing, hunting, hiking, rock climbing, swimming, sailing and sightseeing are among the popular activities enjoyed by visitors during other seasons of the year.

Mammoth Lakes is 307 miles north of Los Angeles.

A $1.2-million development of Thee, Russell & Gunter will be first commercial condominium, first log and stone commercial building at Mammoth Lakes, Calif. Building will have 13,500 square feet of retail, office space, covered parking for 34 cars. Building will house The Winery, a retail store; Sears catalog store, Martin Real Estate, Tom Thee Construction. Remaining space will be sold for offices, retail stores. Work will start about May 1. Architect is Glidden Engineering, contractor is Tom Thee, both of Mammoth Lakes. Site is on Old Mammoth Road, off Meridian Blvd.