

Sales slowing, but construction continues

International visitors could keep Vail afloat while country struggles

By Edward Stoner
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VAIL — Kent Logan, a watchdog for the town's finances during his tenure on Town Council, did not paint an optimistic picture of Vail's next few years.

With consumer confidence tanking and a credit crunch emerging, Logan — a retired investment banker — predicted that Vail will not escape economic uncertainty. While he said that no crisis was looming, he encouraged the town to prepare for slower times.

"We tend to think with the mountains around and the snow nice and the sun out, this is Disneyland," Logan told the current Town Council last week when he returned to accept a proclamation of thanks. "But this is the real world."

He told the town not to spend money on any infrastructure that's not absolutely necessary because tax revenue will drop. He also said developers' financing will dry up, buyers will disappear and at least one development will stall.

Put more money in the bank for a rainy day, he said.
"In football parlance, there's a time to

'ABSOLUTELY DON'T SEE ANY TYPE OF CRISIS.'

Ron Byrne
Developer

play offense and there's a time to play defense," Logan said. "This is a time to play defense."

'We're well prepared'

Others say that Logan's warnings have merit, but the remarks seemed overly cautious. Vail politicians say the town has already been conservative about the way it manages its pocketbook.

"We're well prepared for a downturn in the economy," said Mayor Dick Cleveland.

Vail isn't immune from the woes of the wider economy, but it is insulated slightly, Cleveland said.

Margaret Rogers, another council member, said the town will be watching the economy and make changes to its own finances as necessary, Rogers said.

"We don't have any bold new expenditures we're planning on doing," Rogers said. And much of Vail's highly touted "renaissance" is already completed or well under way, she said.

Vail has seen building records and real-estate records throughout the past few years. The town issued \$496 million in building permits last year, a fifth-straight record year. The county had \$2.96 billion in real-estate sales last year,

an all-time record.

Not as frothy

But in January, Eagle County saw just 104 real-estate transactions, the fewest in 12 years.

Sales everywhere are slowing from their previous, torrid pace, said Craig Cohn, director of sales and leasing for Solaris, a project under construction in Vail Village.

"We still had sales through the winter, but not to the velocity of last winter," he said, adding that Solaris just sold a unit last week.

Part of that is the economy, Cohn said. But there was also more pent-up demand for new condos last winter, he added.

Good, local projects still are being financed, said Ron Byrne, a developer, adding that he has just lined up financing for two new developments.

"I absolutely don't see any type of crisis," Byrne said.

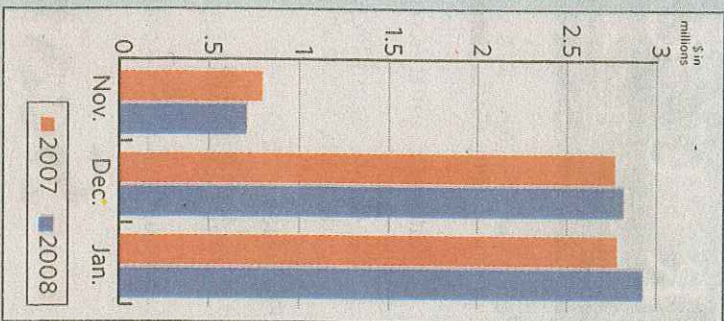
And Byrne added that a slowing domestic economy may be somewhat offset locally by the interest created by the weak dollar, which is bringing more international residents to Vail.

Nationwide, slowing sales of new homes, a credit crunch, soaring energy prices and plunging consumer confidence are stoking worries of a full-blown recession.

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Sales tax strong

Vail has seen more sales tax revenue this year than compared with last year in December and January.



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Source: Town of Vail