

IT'S BETTER AT TELLICO VILLAGE

Goldilocks and Tellico Village

Currently, the U.S. is enjoying a Goldilocks economy. This type of economy exists when growth is neither too hot, causing inflation, nor too cold, creating a recession. It has an ideal growth rate of two to three percent, as measured by gross domestic product growth, and has moderately rising prices, as measured by the core inflation rate of about two percent. This healthy economy is named after the famous children's story, "Goldilocks and the Three Bears." Like the porridge, the Goldilocks economy is neither too hot nor too cold. It is "just right."

What does this mean for Tellico Village? Our real estate market reflects that we, too, are enjoying "just right" signs of growth. These signs include record years for existing home sales, increased lot sales, a jump in the demand for POA-owned lots (increasing revenue), and a dramatic increase in Tellico Village property values. A manageable rate of growth is good for Tellico Village. Besides boosting the real estate market and protecting property values, it also perpetuates a vibrant and thriving community.

This "just right" rate of growth has not happened by accident! We are fortunate to have been enjoying the longest period of sustained economic growth in the nation since the Great Depression, and the Tellico Village Marketing Team has taken full advantage. Led by Marketing/Communications Director Beth Kuberka, she and her team of volunteer professionals Joe Bogardus, Fred Toettcher, and Tom Lee have been hard at work since 2013 to ensure that the right folks know why "It's Better at Tellico Village."

Our marketing efforts have paid off, propelling our real estate performance well above the national housing market. For the first quarter of 2019, total MLS property sales in the Village (123) are up 14% YTD over 2018, while Marketing Program sales (78) are up 30%, representing an impressive 63% of total MLS sales. Property values have reached an all-time high this year with sales per square foot at \$151.48. Home buyers are moving quickly, as the average time on the market for existing homes is just over two months.

Despite a record number of existing home sales (up 7% YTD), we are also seeing an increase in lot sales, representing 41% of our MLS sales, with a total of 50 lots sold.

Remember those lots the POA recovered from Loudon and Monroe counties? Through April 2019, 60 of those lots were under contract (37 closed and 23 pending). These sales will result in more than \$95,000 in annual assessment revenue.

Our Marketing Team is accomplishing this success all while increasing efficiency. The good news is that our cost per lead is down almost 13% to just under \$53. Comparing Tellico Village to the rest of the industry, this is near the low end of the range of \$50-\$150 cost per lead. The even better news is that for the first time, the program is on track to return a positive net revenue (all-in basis) for 2019.

Yet the best news is that the outlook is quite favorable for the rest of 2019, which we project to be the strongest in Tellico Village history. Marketing results are currently ahead of last year for every bottom-line performance metric. This is even more impressive when you consider that 2018 MLS sales and property value performance were also historically the strongest.

Not ones to rest on their laurels, the Marketing Team is always at work developing initiatives to keep the program fresh and efficient. In 2019, these efforts include updating the website, improving mobile content and performance, adding new online video content, launching a social media campaign (that is performing well early), and the distribution of video news releases.

Pair increasing performance with ongoing initiatives to keep the program fresh and improve efficiencies, and we have a one-two punch for ensuring that the Tellico Villages real estate market remains “just right,” even after the three bears come home and find us enjoying their porridge!

And they lived happily ever after ...

While we are enjoying this season of growth, we haven’t lost sight of the fact that it is not guaranteed to last forever. In March of 2019, the Marketing Team completed a detailed White Paper relating to the future of the housing market and economy. They analyzed Tellico Village and the national real estate market history, as well as the national economic outlook and the effect of a potential recession on real estate markets.

It’s hard to imagine today, but a future economic or housing market slowdown could impact the Tellico Village real estate market. It is wise to consider and plan for these contingencies while continuing to hope for the best. Taking a lesson from the 2007-2009 recession, which caused a significant downturn in Village property sales and values, we strive to be prepared for similar events in the future. It seems unreal that it has been 10 years since the end of that recession.

The 2019 White Paper is quite thorough and was developed from both current and historical data, augmented with analysis and forecasts from respected government, economic, and industry organizations and individuals. It was presented for review and input from the POA Board and the Long-Range Planning Advisory Committee, with the first quarterly update being distributed in June.

This information provides valuable considerations for the Board regarding the potential, timing, and impact of an economic downturn on the real estate market in Tellico Village. Contingency planning is vital in maximizing our real estate performance during and immediately following a recession economy.

The overall conclusions so far are that no changes in marketing forecasts, strategy or plans for 2019 appear warranted based on national housing market or economic considerations. Even though soft performance in the housing market continued through April, it is expected to strengthen due to low mortgage interest rates and an increase in consumer and builder confidence in the market.

Today’s economy enjoys a favorable performance of most economic indicators, and the economic outlook is supported by increasing consumer confidence and other factors. However, we must be prepared for the potential of a mild recession forecasted by respected economists for late 2020 or 2021. This is not a gloom and doom forecast! It is merely an indicator that we should be prepared for the potential of a recession that is expected to be less severe than 2007, and more likely the result of geopolitical events rather than the housing market.

The Marketing Team, along with our advertising agency, Tombras, is in the process of developing contingency plans for a down or recession economic environment. This will include quarterly updates to the POA Board, LRPAC, and Finance Advisory Committee regarding the outlook for the economy and national housing market and the potential impact on Tellico Village.

In the meantime, Tellico Village is enjoying Goldilocks' porridge that is just right—but preparing for what will happen if it starts to get too cold! Doing so will help to ensure that we live happily ever after.

Shop Tellico Village

When it comes to shopping, very few things trump convenience and local service. That's one of the reasons that it is so nice to shop right here in or near Tellico Village. It's also the reason behind forming the Tellico Village Business Alliance.

Coming soon to your newspaper box is the new Tellico Village Business Alliance Directory. The Platinum sponsor of the 2019-20 Directory is Beans and Cream, Tellico Village's new gathering place for fresh ground coffee, homemade ice cream, and tasty bakery items.

The Alliance provides communication and promotions to support businesses in or near Tellico Village. It was formed in 2018, after surveys indicated that Village residents were looking for the convenience and service of shopping local, needed to know more about nearby retail stores and services, and would use local businesses more if they had more information about them. The cost of the program is fully funded by participating local businesses and managed by the Marketing Team and resident volunteers.

This year, the Alliance has 80 total members, including 18 home-operated businesses and 11 new members for 2019. You will find them all in the new Tellico Village Business Directory, featuring 20 pages of business cards for every member, listings by business category for quick and easy reference, a map of members with physical locations, and list of frequently called Tellico Village, Loudon County and Monroe County telephone numbers.

Be sure to keep an eye out for your new business directory and enjoy shopping Tellico Village!

What's New?

Now there is a place where you can keep up with all past and present Tellico Village Marketing activities and reports. Check out the new Marketing Advisory Sub-Committee (MASC) webpage at <https://www.tellicovillagepoa.org/committees/masc-marketing/> or visit www.tellicovillagepoa.org and click on Marketing under the Committees tab.

Here you will meet the Marketing Department staff, learn the history of marketing in Tellico Village, view current and historical year-end marketing presentations to the POA Board, and read key articles relating to marketing initiatives and relevant topics.

We think you will find this information valuable and useful. Please let us know what you think!