

Frequently Asked Questions

Tellico Village Real Estate Market: Outlook, Investment and Learning

By Fred Toettcher, Tellico Village Marketing Team Member

Editor's Note: Understanding Tellico Village real estate market performance and the investment required to maximize this performance is extremely important to all property owners. The following is the last in a series of three articles that will answer questions most frequently asked of the Tellico Village marketing team.

Question #1: What is the outlook for the Tellico Village real estate market?

The Tellico Village real estate market is currently the strongest in its history as summarized in Article #1 of this series [Click Here](#). There are, however, reasons for caution going forward. These include a historically low number of existing Village homes on the market, a softening national housing market, and increasing concerns about the future of the national economy. By far the most important concern relates to economic outlook.

The Tellico Village Marketing Team has been preparing for the possibility of a recession since the beginning of 2019. A detailed White Paper, including analysis and forecasts from respected government, economic and industry organizations and individuals, was presented to the Board and appropriate advisory committees in March. Contingency plans are being developed with the help of the Tombras Group, the community's marketing communications and branding agency. The first economic and housing market update was made to the Board and committees in June and these updates will continue on a quarterly basis going forward.

In net, the Marketing Team has anticipated the possibility of a mild recession currently forecast by respected economists for late 2020 or 2021. This recession, if it takes place, is expected to be less severe than the 2007-2009 recession and the Village will be much better prepared. Therefore, it is believed that any significant damage to the Tellico Village real estate market can and will be avoided.

Question #2: Why don't we reduce marketing spending now when things are good and increase spending in the future if we have to?

This action would be fiscally self-defeating since the POA marketing program currently represents a substantial net revenue return during 2019 on an "all-in" financial basis as outlined in Article #2 of this series [Click Here](#). If marketing investment was reduced, direct marketing program revenues from realtor and builder partners would decline, minimizing any potential savings and complicating future relationships

Acceptable real estate performance cannot be achieved when marketing investment is reduced during strong performing periods and dialed up when performance weakens. The purchase cycle for new property owners is usually one to five or more years from the time they become aware of Tellico Village to their purchase. In addition to generating new leads, our marketing efforts are designed to keep Tellico Village top-of-mind for these potential property owners throughout the purchase cycle. Consistency of marketing investment results in achieving maximum performance and efficiency.

This is illustrated by the length of time it has taken for the POA marketing program to completely mature. In 2013, the first year of the program, 13% of total MLS sales were from program leads and program cost per lead averaged \$92.90. This performance strengthened every year through 2018, when program sales equaled 57% of MLS sales at a \$62.48 cost per lead. During the 2013 - 2018 period, total MLS sales increased 67%. All of these performance metrics have strengthened further during 2019 year-to-date.

Finally, the period preceding a down economy would be the worst time to reduce or eliminate marketing investment. Momentum can be lost very quickly. As summarized in Article "1 of this series, Tellico Village's poor performance versus the national real estate market as a result of the 2007 – 2009 recession occurred during a hiatus in marketing spending.

Question #3: What have we learned and what should we be doing in the future?

The POA marketing program was launched primarily as an effort to allow Villagers to sell their homes on a timely basis and at a fair price at a time when neither goal seemed possible. Aided by a strengthening economy, these initial marketing objectives have been satisfied to a degree that exceeds any past history in this community.

Along the way, this program has positively influenced other things. The program supports the sale of a substantial number of POA lots (227 lots to date), representing significant incremental POA revenue (cumulative assessment income totals over \$600,000). Tellico Village is now growing at a manageable and predictable rate, consistent with its current and planned infrastructure and amenities. Most importantly, older residents' homes are being purchased by new, younger Villagers who bring new energy, new ideas, new programs, and new vitality necessary to keep Tellico Village fresh, vibrant and alive.

The POA marketing program is fundamental to the community's future by helping Tellico Village control its own destiny. The Village will be able to largely mitigate any negative effect of a potential economic slowdown through contingency marketing planning and sustained marketing investment. As Carla Johnson, a Board Member and liaison to the Marketing Team stated in a recent POA Newsletter, enjoying the best and preparing for the worst "will help to ensure that we live happily ever after."