

Spring Picks Up After Slower Start to the New Year

Taking into consideration what is going on nationwide with regard to the economic slowdown and mortgage crisis, one would suspect that the Telluride area would feel some of the residual effects. But fortunately, the region's solid market, which appeals largely to the upper echelons of the real estate population, is already showing a positive start to the second quarter. According to data compiled by the Telluride Association of Realtors, the new year began slowly, but after only three months (January-March) is displaying drastic improvements. April, which was only tallied through the 24th of the month (\$58 million), was right on par with those from recent years, coming in only 33% behind April 2007 (\$77 million), which was the highest April in history, and actually 123% ahead of April 2006 (\$26 million).

Slowdowns may not be completely off the radar yet, depending on what happens nationally and globally, but it seems relatively safe to assume that the Telluride region is resilient enough to remain somewhat impervious to any deep-seated damage. Even if certain months do display lower total dollar volumes than in the past, they seem to be quickly followed by others that are strong. Such is the case with the atypical \$19 million in total dollar volume for January 2008, which was then followed by increased figures in February and

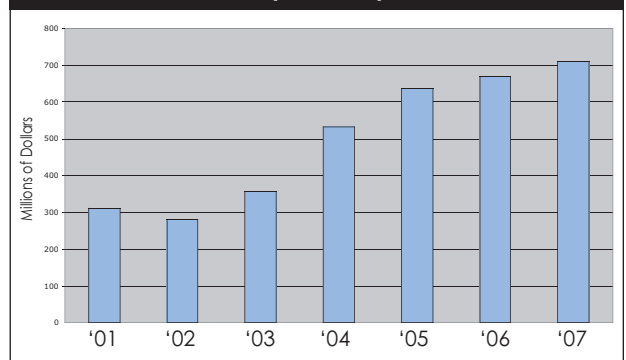
March and ultimately by a 205% jump in April with \$58 million. It is therefore hopeful that total dollar volumes will continue to climb, regaining heights similar to those seen in the last few years, as 2008 continues.

NOTABLE SALES BY PROPERTY TYPE

There were several notable sales and significant dollar volume totals within various property types during the first few months of the year. February witnessed multiple high-end condominium sales in Mountain Village, including two \$3-plus million sales, a \$2-plus million sale and two \$1.5 million sales. In March, there was a \$4.2 million fractional sale in the town of Telluride. This tremendous transaction was comprised of 146 gold, silver and platinum River Club memberships. And in April, the most impressive month of the year thus far, activity was particularly strong in the single-family residential home category. Among several sizeable transactions was an \$11.1 million sale on Deep Creek Mesa, a \$10.7 million sale in Mountain Village, \$8.5 million sale in Dolores, \$6 million sale in Mountain Village and \$4.8 million sale in Mountain Village. Total dollar volume for single-family residential home sales in April was \$49 million, the highest April on record and second highest month in history overall for the category. The only month to boast a larger total dollar volume for single-family residential home sales was July 2007 at \$58 million.

omy suffered dramatically and also showed some affect on this area. The first four months of 2002 netted figures that were substantially lower than those from 2001 with \$84 million in total dollar volume in 2002, compared to \$114 million in 2001, a 36% difference. But when examining a month-by-month breakdown, some month's in 2002 were actually stronger than in 2001, and by year's end the total dollar volume for 2002 only trailed 2001 by 11%. Come 2003, total dollar volumes had already surpassed those from 2001 by 15% (\$311 million vs. \$356 million) and by 2004, the market had entered its biggest upward swing in history. That year

Dollar Volume Comparison by Year 2001 - 2007

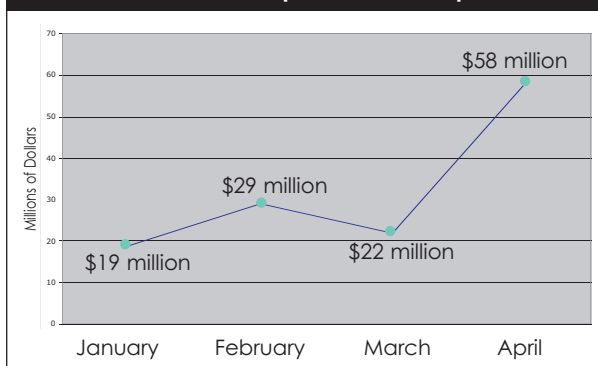


trumped the former record holder of 2000 by 8%* (\$534 million compared to \$495 million), and from that point on, every subsequent year through 2007 trumped its predecessor in terms of total dollar volume.

While this doesn't necessarily mean that 2008, or 2009, even, will shape up in exactly the same fashion as what occurred earlier in the decade, it does provide comfort in terms of what is presently taking place. While Telluride's numbers have declined and leveled in the past, historically, such trends tended to be short-lived with the market rectifying itself fairly quickly.

*Figures for 2000 were only tallied from February on as TAR only began recording data at that time.

Dollar Volume Comparison Jan. - April 2008



THE MARKET'S INARGUABLE CYCLE

While the start of 2008 was surprising to many, it isn't the first time such a thing has occurred in the Telluride region as such ebbs and flows are the nature of any real estate market. Take 2002, for example. After September 11, 2001, the national and global econ-