

# *Telluride Real Estate Market Update*

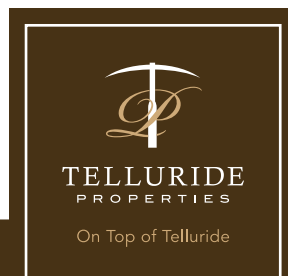
August 2011

After a relatively strong 2010 and a promising early summer, August has been very quiet most likely due to the the debt crisis, S & P downgrade and overall economic uncertainty. Telluride has enjoyed excellent summer visitor numbers, as people have escaped the heat in many parts of the U.S. and abroad. The generally positive experience had by visitors was obvious and contagious as people inquired about real estate. Most opted to watch versus invest in the market this summer.

The market has enjoyed decent activity in certain segments, such as homes in the Town of Telluride, while other segments, such as Mountain Village condos, continue to be on unstable footing with expanding inventories effecting values. However, the resulting buyer opportunities in this segment have been excellent with value purchases being made at See Forever (2), Heritage Crossing (2), Trail's Edge (2) and Lumiere (1). Surprisingly, sales of homes in Mountain Village have been notably inactive thus far this year further exhibiting the effects of global economic concerns.

According to our Who's Who in Luxury Real Estate network, the ultra-high-end segments within many of our indicator markets, such as Manhattan, Beverly Hills, Palm Beach, The Hamptons and Aspen, remain quite active although the middle segments of these markets remain slower than 2010. Ironically, this is different than the Telluride market where the middle and lower ends of the market are more active. This may speak to the "reduction in exposure" approach of our market versus the "belief in strengths" of the other markets.

Oddly, Vail is not in this category despite increases in price per square foot values for very high end homes much like Aspen. Due to their glut of developer condo inventory where developers are holding steady on pricing, their condo market has entered into a period of stagnation. A glaring market fact from recent ski resort data is that the controlled growth of single family homes in Vail, Aspen, Telluride and, on a lesser scale, Beaver Creek, Snowmass and Mountain Village has protected values while the over development of condos has caused a continued decrease in values. It should be noted that downtown Aspen and Telluride have not experienced the large scale, high end, multi-family megaprojects and therefore have not suffered the same level of devaluation.



Additionally, year-to-date sales volume is roughly 50% of 2007 highs in the Vail and Aspen markets while Telluride is at 65% of 2007.

Being an active member of the Telluride Real Estate market for 22 years, I can honestly say that never before has the name of the game for the small number of buyers within our market been value. Properties that are currently selling are priced for the market and subsequently sell for only 7% off of their asking price on average. Having sold the highest priced home and condo in the Telluride market this year, and recently contracted 3 of my listings, I can say our market will continue to be value driven and become more favored by international buyers due to our ever-improving air access.

For Recent Press on Telluride, Architectural Styles and Real Estate:

<http://telluridebrianoneill.wordpress.com/press/>

Wilson Peak access reopened, Wilson Peak/Rock of Ages/Elk Creek Trail:

<http://telluridebrianoneill.wordpress.com/2011/08/18/access-to-wilson-peak-reopened/>

Telluride/Montrose Winter Airport Flight Map showing air service to the region:

<http://telluridebrianoneill.wordpress.com/2011/07/29/winter-telluridemontrose-airport-flight-map/>

**Telluride Ski Resort Skier Days  
Historical Skier Counts  
Telluride Resort**

Year	Skier Visits	Change
2006/07	426,244	-
2007/08	450,730	5.70%
2008/09	419,500	-6.90%
2009/10	454,257	8.30%
2010/11	420,000	-7.50%

Source: Telluride Daily Planet

Sincerely,



Brian F. O'Neill  
Broker

