

TELLURIDE REPORT

Early Winter 2010

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CHRISTIE'S
GREAT ESTATES



CHRISTIE'S NEW YORK IMPRESSIONIST AND MODERN ART EVENING SALE SETS RECORDS, REALIZES \$231,439,500/€164,322,045

WORLD AUCTION RECORDS SET FOR HENRI MATISSE AT \$48.8 MILLION AND JUAN GRIS AT \$28.6 MILLION

AN ASTOUNDING 4 LOTS SELL ABOVE \$10 MILLION, 7 LOTS SELL ABOVE \$5 MILLION AND 43 LOTS SELL ABOVE \$1 MILLION

The market for blue-chip works and premier private collections proved strong at Christie's New York Evening Sale of Impressionist and Modern Art last night. The highly anticipated 84-lot sale, dense with works by the great masters of the Impressionist and Modern periods, included top selling works by Henri Matisse, Joan Miró and Fernand Léger, among others. The sale realized \$231,439,500 (€164,322,045) and was 80% sold by lot and 88% sold by value.

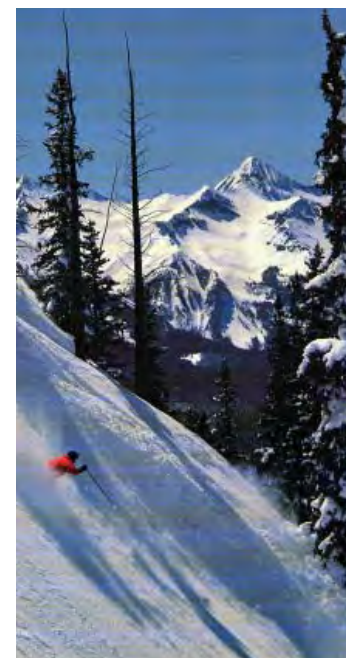
Henri Matisse's monumental sculpture *Nu de dos, 4 état* (Back IV), pictured right, was the night's top lot, setting a record for the artist at \$48,802,500 (€34,649,775) — surpassing its top estimate of \$35 million. The occasion marked the first time in history that a work from the artist's celebrated Back series has ever come to auction.



TELLURIDE GARNERS NATIONAL ACCOLADES

The October issue of Powder Magazine said it quite clearly, calling Telluride "America's Greatest Backcountry Resort." This 12-page in-depth look at our community heaps much praise upon both the ski experience and the vibe of the town. The article is a thorough and at times playful look at what makes Telluride so special. TREC has this piece in an easy-to-send PDF format - contact your TREC broker for a copy via email.

Indeed, the ski company's ongoing expansion of above-timberline terrain is helping Telluride gain a lot of attention both in ski country and more broadly throughout the nation. The Conde Nast Readers' Poll again places



Telluride as the top ski area in the country. And online visitors to On the Snow, the web's most-visited snow sports site, have chosen Telluride as their favorite place to dine and play in North America. These rankings reinforce what locals and visitors alike have always known - Telluride is rocking the ski world!

TREC BROKER RECEIVES TOP HONORS

TREC's Jim Nerlin Is Honored at the State and Local Level

Jim Nerlin, one of TREC's Vice Presidents, was

named Colorado's Land REALTOR® of the Year at the annual convention of the Colorado Association of REALTORS® held in October in Colorado Springs.



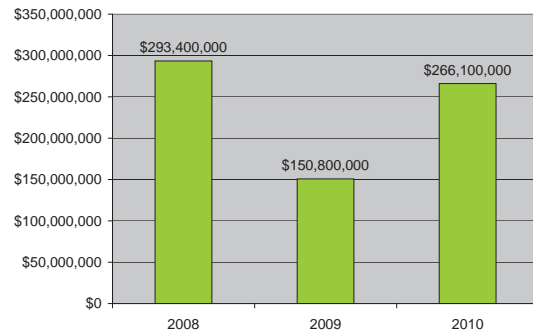
The Colorado Chapter of REALTORS® Land Institute presents the annual award to the individual who has demonstrated competency and excellence in the area of land brokerage and who has made important contributions to the REALTOR® organization.

Jim was also presented with a Lifetime Achievement award at the Telluride Association of REALTORS® (TAR) annual awards banquet in September. Jim specializes in resort, recreational and ranch properties and has spent many years in the saddle exploring the land he represents and sells. Jim was also named TAR's "Realtor of the Year" in 1996 and 2000. He has served as President of the Telluride Association of Realtors and Director of the Colorado Association of Realtors. Congratulations, Jim!

MARKET UPDATE

The 2010 marketplace is best characterized as “rounding the corner.” Gross dollar sales are pacing at 90% of 2008 and are 76% above the sales production of 2009, so that would seem to indicate that the worst is behind us. Numbers of transactions have also increased 34% over 2009, and when one considers that gross dollar figures are considerably higher, this points to more transactions at higher price levels. While recent media and partisan politics have dampened incidents of closings in August, September experienced strong stats with an increase of 76% over the same month in 2009. It certainly appears that we could return to the sales level achieved in 2008 that was the beginning of the downward spiraling of our national and global economies.

**Market Sales by Dollar Volume
January - September, 2008 - 2010**



According to statistics compiled by Telluride Consulting, a total of 77 sales transpired in the Town of Telluride representing total gross dollars of \$84.9M YTD. A total of 109 sales occurred in the Town of Mountain Village with gross dollars of \$135M. The remainder of San Miguel County experienced 58 sales totaling \$46.3M. As mentioned above, it appears as though the upper end of the market is garnering considerable investor interest. According to MLS statistics, there have been a total of 36 sales in the Telluride region above \$2M with 15 sales above \$4M and 4 transactions between \$8M - \$10.1M YTD. There are 22 pending transactions above \$2,000,000, and, when coupled with those already closed above that dollar amount YTD, a total of 58 sales / contracts in 2010 is a very healthy

increase over only 13 such sales in 2009. This data seems to indicate a strong renewed interest in investment in the Telluride lifestyle with its limited, high-quality inventory. As mentioned in prior market updates, the catalyst for stronger sales has been a willingness by some sellers to accept price levels 20-30% below the market highs of 2007. Those sellers are not necessarily in “must sell” situations, but are often times seeking liquidity for alternative investments. Investors are gravitating to discounted “Grade A” properties, and seem to be avoiding the limited number of problematic foreclosure and short sale scenarios in the region.

With the velocity of sales increasing, it is likely that a “bottom” has been reached and sellers will over time resist these deeper discounts and the market will respond with gentle appreciation. Those sellers who have held firm with price structure must remain patient, but oddly have contributed to “setting the bottom” and will influence the rise in future values. Premium properties at significant higher pricing will likely lead the market into a slow, but steady appreciation cycle. With 14 homes and condominiums transacted YTD at an average price of \$4,500,000 and with an average PSF of \$961, this cycle is likely in motion, given that these sales represent nearly 25% of total sales volume.



TELLURIDE GRAVITY WORKS

Telluride's Newest Full-Service Mountain Sports Shop

Telluride Gravity Works is a full-service mountain sports shop and climbing gym located in the heart of Telluride on the sunny side of Main Street. Telluride's newest mountain



TELLURIDE
GRAVITY WORKS

sports shop will bring over fifty different skiing, snowboarding and climbing brands to the community, representing the lifestyle and the sports that the owners and employees are so passionate about. Included are high-end ski and snowboard demos/rentals, along with tuning services, and a friendly door-to-door delivery and pick-up service, too. In the summers TGW will change over to a full-service cycling shop.

Co-owner Jorn Reimann says, “More than just a shop, we are about the people of Telluride and making it an even better place to call home. I have known the majority of our staff for over 10 years and they embody what it means to be a Telluride local.” The owners hope that this shop will become a community center and meeting place. TGW also has a program called “1% for Telluride” and they hope to give back to local non-profits through this program. Reimann concludes, “The best way to see what we are all about at Gravity Works? Come on down to feel and see it for yourself! We will be open on Thanksgiving Day.”

CALENDAR FOR THE MONTHS

NOVEMBER

19-24 Gondola Reopens
24 Donation Day / Ski Area Opening Day
25 Thanksgiving

DECEMBER

1 Noel Night
3-4 Pretty Lights Concert
3-5 Telluride Artisan's Guild Holiday Bazaar
15-18 LG FIS Snowboard World Cup 2010
23 Warren Miller Film Premiere: “Wintervention”
24 Christmas Eve / Torchlight Parade
24-25 Santa Skis & Santa Photos
25 Christmas Day
27 SAF Holiday Concert Series: Shawn Colvin & John Oates
29 Satisfaction: A Rolling Stones Tribute
30 SAF Holiday Concert Series: Citizen Cope
31 New Year's Eve / Torchlight Parade
SAF New Year's Eve Gala with Chubby Checker

NOTABLE SALE



112 Snowfield Drive

This six-bedroom, four-bath home is an authentic Douglas fir timber frame with a two-and-half-story great room, chef's kitchen, breakfast nook, home theatre, laundry, ski room, billiards room, and a hot tub on an expansive terrace. A one-bedroom guest apartment is located above one of two two-car garages. Located on a point, the home is assured privacy on nearly an acre of wooded property adjoining 35 acres of open space, with superb ski-in/ski-out access to Galloping Goose ski trail and 180-degree views of the San Sophia Ridge.

SOLD JULY 2010: \$5,250,000
~ TREC listing and TREC sale ~

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CORPORATION

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"LIVE HIGH, LIVE WELL"

Telluride's Institute for Altitude Medicine Seeks To Promote the Health of People Living, Working and Traveling to High Altitude



Shortness of breath, headaches, loss of appetite, difficulty sleeping... sometimes the cost of visiting the natural beauty and recreational meccas of high-altitude resorts is more than financial.

Dr. Peter Hackett (pictured above), founder and director of the Institute for Altitude Medicine (IFAM) says, "the effects of high altitude are very manageable, and in fact, can even be good for you." According to IFAM, the adjustment period can be improved by following a few simple guidelines:

- * Acclimatize by spending a night below 8,000 feet en route to altitude.
- * Ginkgo Biloba in a few studies was helpful in preventing altitude sickness when started 3-5 days prior to travel. Dosage is 100mg twice a day.
- * Drink plenty of water to ensure you are hydrated.
- * Limit exertion on your first day at altitude.
- * Eat light, well-balanced meals.
- * Avoid alcohol the first 24 hours at altitude.
- * Ibuprofen (Motrin®), acetaminophen (Tylenol®), or aspirin are all good for treating altitude headaches.
- * Diamox® (Acetazolamide) is a prescription medication that prevents altitude illness when taken 1-2 days prior to altitude exposure and the first two days at altitude.

IFAM offers a comprehensive "menu of services" to prevent and treat the effects of altitude, including high-altitude consultations, a comprehensive high-altitude physical, oxygen therapy, sleep studies, cardiac exercise treadmill testing, pulmonary function testing, echocardiography, ambulatory blood pressure and oxygen monitoring and nocturnal oxygen monitoring.

For more information, contact IFAM at 970-728-6767, or visit www.altitudemedicine.org.

A NEW LIFT IN DELTA BOWL? MORE ON-MOUNTAIN RESTAURANTS?

"Telluride Vision 2025:" Telluride Ski Resort to Release a Draft Update of Its Master Plan

Over the course of 2010, the Telluride Ski Resort has been seeking public opinion in conjunction with their "Telluride Vision 2025" update of the ski resort master development plan, as requested by the US Forest Service. Telski hopes to release a draft version of this update during the winter of 2011.

Several public meetings and two online surveys have taken place, and once the draft plan is in place, Telski plans to hold additional meetings and surveys to garner public feedback on the draft plan.

Thousands of people, both locally and around the world, filled out online and physical questionnaires to give their opinions on the relative importance of these proposed changes and improvements.

One survey posed questions about such things as adding more lifts in locations such as Bald Mountain, Black Iron Bowl, and Palmyra Peak, adding numerous, smaller on-mountain restaurants, adding zip lines and more summer trails to the ski mountain, and adding more intermediate and gladed terrain.

Another survey dealt exclusively with the public's opinion on adding a lift to an area known as Delta Bowl, located in Bear Creek to the southeast of Revelation Bowl. According to Telski, the installation of this lift could be done via helicopter and existing roads, with minimal environmental impact.

To learn more, and to see the full results of the surveys, visit www.telluridevision2025.com

