

Strong 2006 Market Looking Solid for Year-End

With only two months left in the year, 2006 is gearing up to be another record-breaker with regard to total dollar volume in the regional real estate market. This data is based upon the Telluride Association of Realtors' Multiple Listing Service (MLS), which includes all transactions handled by its 200-plus broker members. These calculations differ in comparison (and are possibly more favorable) to those compiled by the San Miguel County Assessor's office, showing that using a Realtor is not only convenient, it is actually instrumental in achieving a higher level of success in the transaction process.

According to TAR, at this point in the year—with figures compiled through October—2006 is showing \$589 million in total dollar volume. This is 14% ahead of the year-to-date numbers from October 2005, when the total dollar volume was \$519 million. Similarly, the 2005 January-October total (\$519 million) was 17% ahead of 2004's January-October total (\$442 million) and by the 2005 year-end, figures totaled \$637 million, the highest dollar volume on record at the time. Furthermore, this pattern has continued for the past five years; if trends continue, the 2006 total dollar volume could likely end up as the region's biggest ever.

Total Dollar Volume Trends*

	Jan-Oct	Year-End
2006	\$589	??
2005	\$519	\$637
2004	\$442	\$534
2003	\$304	\$356
2002	\$251	\$281

* January through October figures have witnessed a compound annual growth rate of 18.6% over the past five years (2002-2006), while year-end figures have witnessed a compound annual growth rate of 22.7% over the past four years (2002-2005).

MONTH TO MONTH

At a glance, February is the biggest revenue-producing month in 2006 so far with \$88 million in total dollar volume. This is 100% higher than February 2005, which had \$44 million in total dollar volume. The largest sale, by far, contributing to the \$88 million, was a \$14 million land parcel that sold in Mountain Village. Other significant sales included a \$5.7 million land parcel on Turkey Creek Mesa, a \$5.9 million home

in Mountain Village and two other Mountain Village homes in the \$3 million range.

March is the second highest grossing month in 2006 with \$79 million in total dollar volume, compared to \$46 million in 2005 (a 72% increase). Noteworthy sales in March included a \$6.9 million home in the Town of Telluride, as well as a \$5.6 million land parcel on Deep Creek Mesa and a \$4.25 million home in Mountain Village. March also has the highest number of sales for the year thus far with 90 total transactions. This was largely due to 32 land sales during March, paired with 29 residential home sales.

Overall, Summer/Fall 2006 (June through October) is slightly ahead of the same months in 2005, with total dollar volumes for June and July particularly strong by comparison. June (\$66 million) and July (\$63 million) of 2006 are 54% and 31% higher, respectively, than June (\$43 million) and July (\$48 million) of 2005. June also had 81 total sales, the third highest for the year**, compared to only 64 in July 2005. The most prominent sale in June was a \$10.3 million dollar home in Aldasoro Ranch on Deep Creek Mesa; there was also a \$3.1 million condo that sold in Mountain Village as well as several condominium, land and residential home sales that were over \$2 million.

** September 2006 is the second highest month of the year for number of sales (behind February and ahead of June) with 83 total transactions.

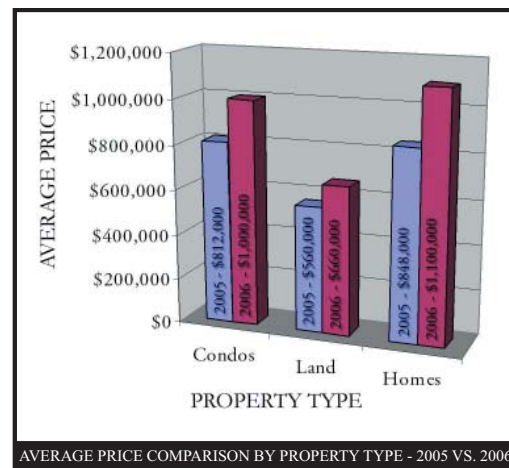
BY CATEGORY

So far in 2006 it's a strong year for single-family residential homes as January through October have brought in \$223 million in home sales distributed over 208 transactions. This means the average price for a home in the region in 2006 is presently \$1.1 million. In comparison, January through October 2005 had \$212 million in home sales distributed over 250 transactions, translating to an average home price of \$848,000. Thus, in one year, average home prices have increased by 30%. Helping to bolster this increase are several sizeable residential sales in 2006, the largest of which is a \$14.25 million home on Wilson Mesa that sold in July. There is also the aforementioned \$10.3 million Aldasoro home that sold in June, an \$8 million home in Mountain Village that sold in October and several homes in the \$5-\$6 million range in other months.

Vacant land is another very strong property

type in 2006, with \$183 million in total dollar volume and 276 transactions so far this year, meaning the average price for vacant land in 2006 is presently \$660,000. In 2005, there were 265 transactions totaling \$149 million in land sales for the same months; thus land parcels averaged \$560,000, meaning the average cost of land has increased 18% in the last 12 months. Again, vacant land transactions in 2006 that greatly contributed to this increase include the aforementioned \$14 million parcel that sold in Mountain Village in February, as well as a \$6.35 million parcel in Mountain Village in May and several parcels above \$3 million throughout the year.

Condominium sales remain very strong in the region with \$160 million in total dollar volume and 154 transactions in 2006, compared to \$138 million and 170 transactions in 2005. This means the average price for a condominium is currently \$1 million, compared to \$812,000 from this time last year, a 23% increase. The biggest condominium sale in 2006 is a \$4.8 million Mountain Village unit that sold in February with numerous other transactions in the \$2-\$4 million range throughout the year thus far.



IN SUMMARY

At this point in 2006, total dollar volumes for transactions handled by TAR broker members are at an overall year-to-date high, and based on current trends it is likely they will continue to rise before the year's end. Additionally, TAR's MLS shows property values steadily appreciating, with significant average price increases witnessed in the past 12 months—a surefire implication that buying in the Telluride region remains a sound and beneficial investment.