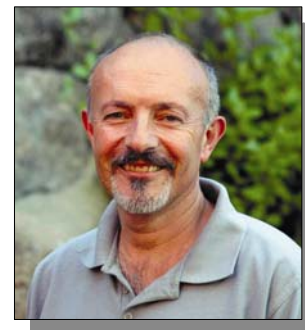
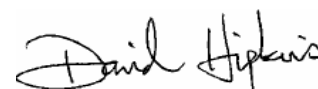


This past year's market activity was overlaid with a patina of tension as Buyers, Sellers, and agents constantly monitored both quantifiable and anecdotal market indicators... The prevailing geo-political uncertainties also added some anxiety to the mix. We experienced a late end-of-the-year surge, but it came too late to significantly impact the year-end data. I can report that this positive trend has carried through to the present, with inventory absorption rates continuing to strengthen. Prices generally have now rationalized across the board, and we are seeing more Buyers getting off the fence and writing offers... we agents are busy.

All markets are local, and I will repeat again my firm belief that lifestyle and demographic trends will continue to favor us, as does the finite nature of our area's year-round accessible land. We have very real geographical and climate boundaries, which serve to protect our property values. Northstar's Ritz Carlton has become a reality, and Martis Camp and Timilick are up and running. The marketing of these and other high-end developments continue to benefit all of us who have invested here... There is no other market in which I would rather live and be professionally established! As some of you know, I am putting my money where my mouth is, as evidenced by the home currently under construction for Lynette and myself.

Unless priced "on the money", properties will take longer to sell this year. Some property owners chose to withdraw their properties from the market in 2006, rather than drop their prices. This was particularly true for lot owners, as the lot market remained anemic, with spec builders still holding off. Prime lots still command a premium, for although we sold far fewer, both average and median prices recorded a slight gain over 2005. Unit sales for all property categories were generally down for the year, but there were bright spots, as evidenced by the success of Martis Camp and Timilick – their new parcel offerings were very well subscribed.

Market overview data is on the first page of this report, and graphs on the second – for further amplification of overall market dynamics and considerations, please read the subsequent pages.

TAHOE DONNER 2006 Year-End Activity Snapshot & Trends (bellwether for Greater Truckee)

SINGLE FAMILY HOMES

<u>Year End</u>	Unsold>	In Escrow>	Sold>	Avg Sold Price	Median Price
2002	101	31	302	\$485.1k <AvgSoldPrice	\$439.5k <Median
2003	71	15	352	\$540.0k	\$495.0k
2004	30	23	378	\$624.3k ▲ 16% from prior year	\$589.0k
2005	79	13	258	\$811.9k ▲ 30%	\$765.0k ▲ 30%
2006	84	12	179	\$817.9k ▲ 1%	\$710.0k ▼ 7%

CONDOMINIUMS

<u>Year End</u>	Unsold>	In Escrow>	Sold>	Avg Sold Price	Median Price
2002	22	10	67	\$233.1k <AvgSoldPrice	\$259.0k <Median
2003	11	12	77	\$266.9k	\$271.0k
2004	1	5	75	\$352.2k ▲ 32% from prior year	\$360.0k
2005	14	3	61	\$413.7k ▲ 18%	\$445.0k ▲ 24%
2006	34	1	30	\$432.5k ▲ 5%	\$419.9k ▼ 6%

LOTS

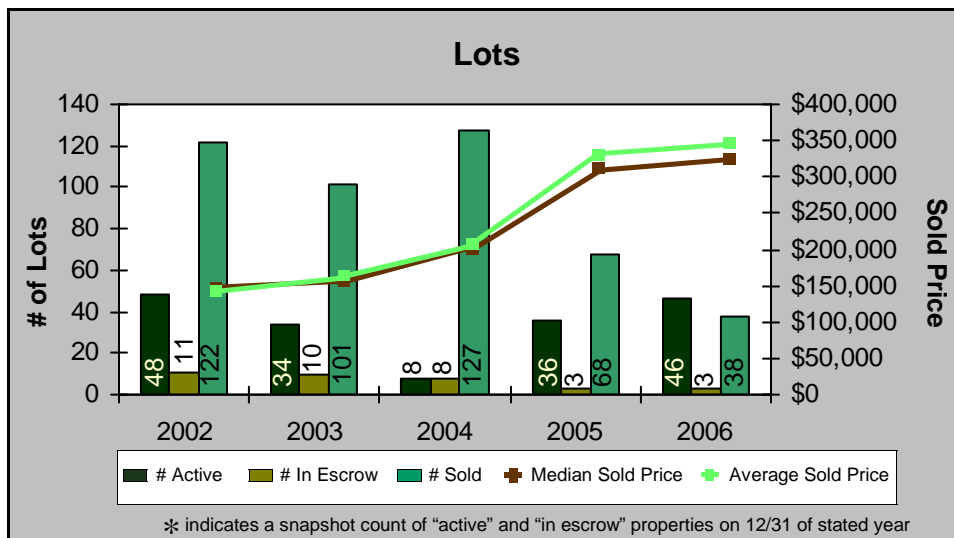
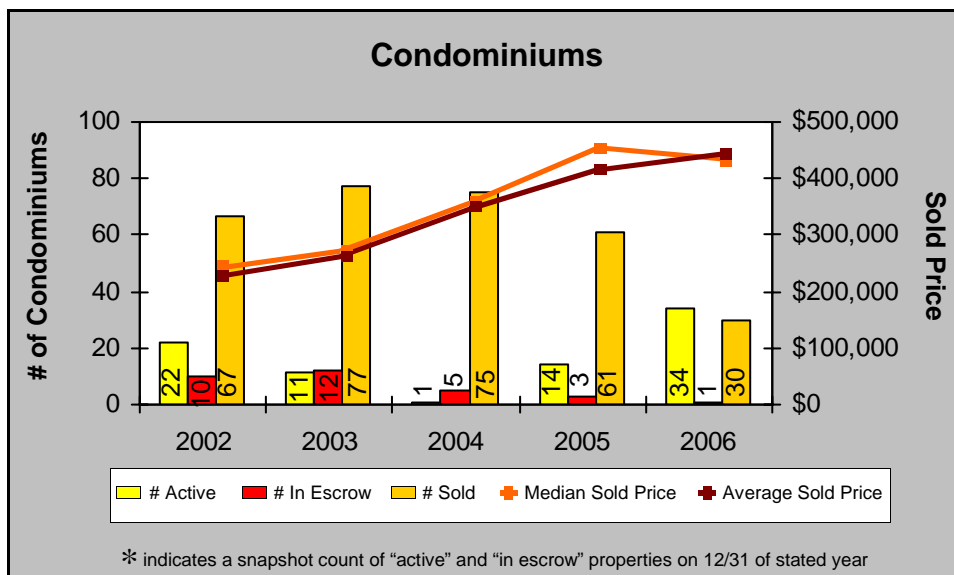
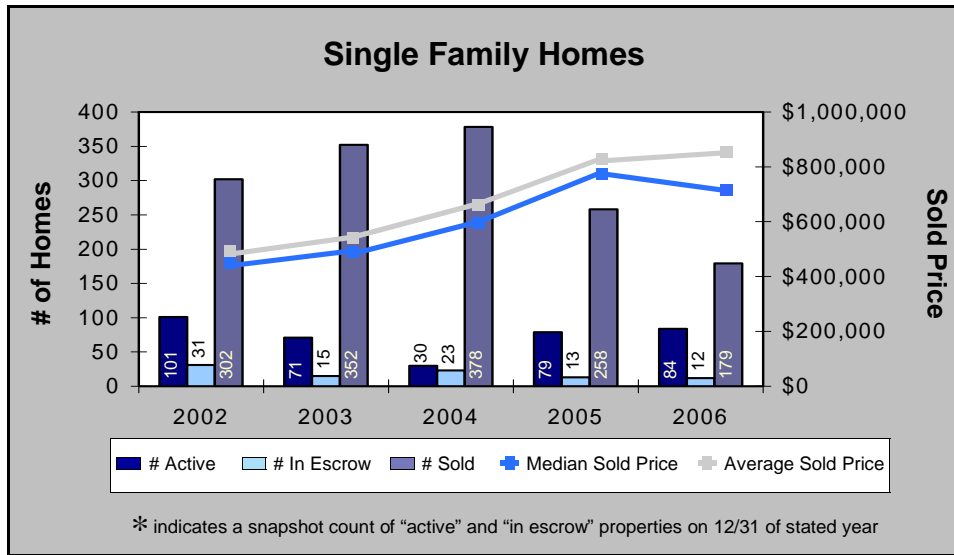
<u>Year End</u>	Unsold>	In Escrow>	Sold>	Avg Sold Price	Median Price
2002	48	11	122	\$152.9k <AvgSoldPrice	\$149.5k <Median
2003	34	10	101	\$162.0k	\$154.0k
2004	8	8	127	\$203.8k ▲ 26% from prior year	\$198.5k
2005	36	3	68	\$341.3k ▲ 68% from prior year	\$327.0k ▲ 65%
2006	46	3	38	\$353.3k ▲ 4%	\$335.0k ▲ 2%

My full-time licensed assistant, and The North Woods Group team manager, Jessie DeClercq, is a great asset, as some of you have experienced this past year. Should I not be immediately available, she can be contacted at 530-550 5152

DATA SOURCE: Tahoe Sierra Board of Realtors MLS - Data is deemed reliable but not guaranteed. All of the latest Greater Truckee/Donner MLS Listings are available to you at www.mountainrealtors.com

Tahoe Donner® Year-End 2006 Activity Snapshots & Trends*

*Tahoe Donner, consisting of about 6,000 properties, is chosen as an indicator for the Greater Truckee market as it historically generates over 50% of dollar volume and over 50% of unit sales annually. Note that in a community of about 4,900 homes, the percentage of available properties is quite low.



DATA SOURCE: Tahoe Sierra Board of Realtors MLS—Data is deemed reliable but not guaranteed.
All of the latest Greater Truckee/Donner MLS Listings are available to you at www.MountainRealtors.com



Building and remodeling considerations...

For those of you contemplating a remodel or building a new home, note that our snow loads and engineering requirements translate to High Sierra construction requiring considerably more materials than in lower elevation markets. These materials are commodities that will continue to experience significant global and national demand, with labor, production, and delivery costs that are unlikely to soften... Add changing building code requirements, increasing local fees and permit costs, and the inflationary effects of passed on energy prices, as well as the likely trend of construction loan interest rates... so, if you are going to do it, do it sooner rather than later. My new home should be ready this July. If you have questions about building, I can help.

Home prices have settled and firmed

It has taken the past year for Buyers and Sellers to become more confident with values and trends, as they had generally been for the 4 years prior to 2006, but now most Buyers and Sellers are in touch with current market conditions. In this environment, the market will continue to remain unforgiving for overpriced properties. Realistic sellers often "bounce" successfully off of their overpriced competing listings.

There are currently 101 active home listings in Tahoe Donner, plus 18 now in escrow, with 24 sold (closed) YTD. On this same date 1 year ago, there were 78 unsold, 20 in escrow, with 9 sold YTD... Note that unlike principal residence markets, our inventory typically grows gently, inexorably throughout the Summer, peaking in the Autumn.

Opportunity for Buyers & Sellers - 2007

The **lower priced homes** are always in demand by locals as well as second-home buyers, resulting in a tighter small home market... With interest rates remaining historically low, you can still take advantage of a relatively softer market for both upper end and larger homes... if your future needs encompass such a property. Homes older than six years can likely still be acquired for lower than current replacement cost, and remodeling needs may be principally cosmetic. The softened demand for large homes continues to put pressure on builders to price new homes more aggressively, with a subsequent price softening of competing older and larger homes. The **average price today for all active homes in Tahoe Donner is \$973,200**, and the median \$799,200, while the **average price of homes sold last year was \$817,900** (median \$710,000)... The **condominium market** remains somewhat soft, although showing signs of life, and as with all property markets, will be unforgiving for overpriced listings – today's Buyers are informed, and they have been looking for awhile now. It should be noted that some of our markets are experiencing excellent demand for the more exclusive high priced luxury condominiums.

Lot Sales were soft last year – however **Tahoe Donner** still saw a **4% increase in average sales price** – but with a relatively low number actually sold, as in most other local markets. Lot demand is usually driven by the local spec builders, and showed the first signs of a softening overall market last year... lot prices have generally settled to realistic levels, with the **average price of an unsold Tahoe Donner lot at \$349,100**... FYI the **average sold price lot in Northstar last year was \$615,000, Old Greenwood \$535,100, and Lahontan \$574,000**... **Northstar, Old Greenwood, and Grays Crossing** are all **East-West Partners'** developments, and their targeted marketing campaigns will continue to attract Buyers to our area and our other submarkets, as will the **Ritz Carlton, Martis Camp, Timilick** and other well financed marketing campaigns...

Serene Lakes... Royal Gorge, North America's largest cross country ski resort, was bought in 2005 by a partnership of Bay Area developers. Adjacent to Serene Lakes, this enterprise will at some point affect the subdivision positively. Current sewer and zoning constraints mean that not much will happen in the immediate future, but developers buy to develop, so Donner Summit residents and property owners can count on more neighbors in their future. Note that unlike most local markets, the number of lots sold remained strong last year, along with an almost 11% jump in median sold price. Royal Gorge operates on about 9,000 acres, 5,000 of which are leased from the U.S. Forest Service. The same developers also purchased Rainbow Lodge. Current **average list price of the 14 available lots in Serene Lakes is \$264,000**. The area is also well situated to take advantage of Sugar Bowl's current luxury market expansion.

SERENE LAKES – LOTS Year End

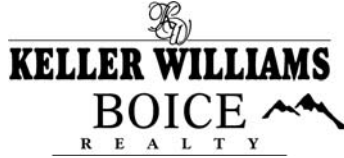
2002	Closed	27	AvgSoldPrice	\$68.2k	
2003		24		\$84.2k	
2004		19		\$164.3k	Up 95% from prior year
2005		25		\$215.9k	Up 31%
2006		24		\$233.5k	Up 8%



Be prepared...

If you are considering Buying or Selling this year, in any market, now would be an excellent time to familiarize yourself with inventory, and monitor market trends.

I will provide statistical data and analysis in greater depth if you desire – please call me to discuss.



The merger of **Keller Williams Realty** and **Boice Countryside, Realtors®** last January has successfully evolved, and our energized enterprise, **Keller Williams Boice Realty**, has helped facilitate the growth and evolution of **The North Woods Group**. This year we have added Donna Gogain, Sarah Bradford, and recently, David Donnelly. There are now 8 of us, comprised of 5 dedicated agents, a webmaster/agent, and 2 very capable licensed assistants. The term “assistant” is really a misnomer, as our structure and cross-training has allowed both Jessica and Sarah to continue to develop and utilize their initiative, talents and abilities, fostering their own careers within our Group. You may also have noticed our significant increased investment in our advertizing and marketing. This is proving to be of great value to our clients, as is the extended coverage and services provided by our team.

Please note that I have a **new email address** (davidhipkins@kw.com) necessitated by our merged enterprise with Keller Williams.

... I enjoy my work, and welcome the opportunity to discuss real estate and the market with you. I have lived here since 1984, and know the area well. All my contact data is below. I know that you all lead such busy lives, so please feel comfortable to call me anytime. If I am not in my office, then your call will roll through to my cell, which I usually answer 7 days a week, up to 11:00 p.m.. Please share this report with friends, family or colleagues who may find this of value. Referrals are always appreciated, and served appropriately.

If you would like similar data or details of current availability for other Greater Truckee markets, such as Lahontan, Timilick, Northstar, Squaw Valley, Alpine Meadows, Donner Lake, Glenshire, Cambridge Estates, Juniper Hills and the Juniper Creek areas, then please contact me. My website is a good resource - you can order “push” emails of all the latest listings that meet your desired location and selection criteria, within 24 hours of listing.

Home Owners – Reminders...

- 1. **It is vital** that heating appliance external vents not be blocked by snow, or any other obstruction.
- 2. **July 15th, 2007** now marks the deadline for the **removal of any non-EPA2 certified** woodstoves and fireplace inserts from your properties, as mandated by the Town of Truckee - a 1 year extension of the prior published date.
- 3. **Painting/Staining** – If it’s in your plans this year, get those bids during the Winter – established vendors can get too busy to give free bids in the available exterior Summer working months... Interior work will also likely get the best bid, if quoted and completed in the Winter.

I wish You and Yours a Happy, Healthy, and prosperous 2007, and look forward to hearing from you.

Respectfully,

DATA SOURCE: Tahoe Sierra Board of Realtors MLS - Data is deemed reliable but not guaranteed. All of the latest Greater Truckee/Donner MLS Listings are available to you at www.mountainrealtors.com

David Hipkins	530-550 5154 direct	530-587 0841 home	530-579 3300 FAX
Realtor	davidhipkins@kw.com	www.mountainrealtors.com	530-412 3079 cell