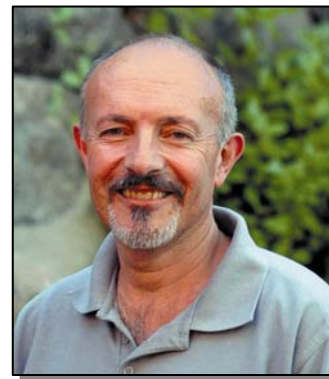


From a global perspective 2010 was a turbulent year for all of us. My focus of course is local, and once again it's good to be able to report that our markets remain relatively healthy, and we continue to fare well when compared to most. The strength, viability and future promise of our economy continues to attract significant outside interest and investment, as is evidenced by Vail Ski Corp's acquisition of Northstar this past year, and the recent sale of Squaw Valley Ski Corp to KSL Capital, who have announced their intent to invest \$50 million in our legendary Mountain and its infrastructure. The year ended once again with lots of snow, with our snow pack literally double its normal depth, enabling our local resorts and commercial enterprises to report continuing growth in the numbers of both domestic and International visitors, with a concomitant uptick of revenues and earnings. Hopefully this will continue to translate into more jobs for our locals. Real Estate unit sales were supported by perceived better property values, relatively low inventory in some sub-markets, and savvy Buyers' awareness that properties can be had now for less than the cost to build in the High Sierra.



David Hipkins

"All markets are local" and we are fortunate here in that our National Forests, climate and local governments' snow removal costs dictate finite year-round habitable and accessible land, so development in our area has not conformed to the blight of sprawl experienced by most other communities these past decades. We rely principally on the professional classes to support our market, along with the inexorably growing demographic of active and affluent boomer retirees, who even under current economic constraints, remain less affected than most. Our spectacular geography, clean air, water and low crime is not to be discounted either! At the upper end, Martis Camp continues to grow from strength to strength, showing the deep appeal our area has for every socio-economic demographic, and it is good to know that many will benefit from our Winter snow pack, helping to boost our reservoirs and California's resources.

The number of unit sales reported show that Buyers are out there in numbers, while attained prices reveal that they continue to expect properties to offer real value and to meet all, if not most, of their needs and wants. The lack of new construction will eventually result in getting more "spec" builders back to work, and we are beginning to see signs of the bold and the brave testing the waters in this regard, but financing remains tight for them.

TAHOE DONNER (bellwether for Greater Truckee Area)

2010 Year-End Activity Snapshot & Trends

SINGLE FAMILY HOMES

Year End	Unsold ▶	Under Contract ▶	Sold ▶	AvgSoldPrice	Median
2005	79	13	258	\$811.9k	\$765.0k
2006	84	12	179	\$817.9k ▲ 1% from prior year	\$710.0k ▼ 7%
2007	117	7	177	\$740.6k ▼ 9%	\$675.0k ▼ 5%
2008	120	17	193	\$742.4k ▲ <1%	\$660.0k ▼ 2%
2009	73	24	227	\$610.2k ▼ 18%	\$565.0k ▼ 14%
2010	81	20	223 ▼	\$576.0k ▼ 6%	\$520.0k ▼ 8%

CONDOMINIUMS

Year End	Unsold ▶	Under Contract ▶	Sold ▶	AvgSoldPrice	Median
2005	14	3	61	\$413.7k	\$445.0k
2006	34	1	30	\$432.5k ▲ 5% from prior year	\$419.9k ▼ 6%
2007	31	0	32	\$372.8k ▼ 14%	\$414.5k ▼ 1%
2008	24	1	19	\$370.4k ▼ 1%	\$379.0k ▼ 9%
2009	22	9	34	\$293.7k ▼ 21%	\$310.5k ▼ 18%
2010	13	4	44 ▲	\$276.8k ▼ 6%	\$290.3k ▼ 7%

LOTS

Year End	Unsold ▶	Under Contract ▶	Sold ▶	AvgSoldPrice	Median
2005	36	3	68	\$341.3k	\$327.0k
2006	46	3	38	\$353.3k ▲ 4% from prior year	\$335.0k ▲ 2%
2007	44	2	23	\$282.8k ▼ 20%	\$285.0k ▼ 15%
2008	51	1	17	\$260.3k ▼ 8%	\$250.0k ▼ 12%
2009	36	2	8	\$207.2k ▼ 20%	\$185.0k ▼ 26%
2010	40	1	22 ▲	\$144.6k ▼ 30%	\$138.8k ▼ 25%

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

Buy, Build, Remodel – or upgrade?

With most homes priced at less than their replacement cost, our builders still don't see "spec" building as viable, so buy it already built and cosmetically remodel if needed, unless you have a long ownership time horizon. That being said, there are now a handful of local builders beginning to venture back into the business in Tahoe Donner, which hopefully is indicative of growing confidence in our market. You likely will not be surprised to learn that these "spec" ventures are typically for more modest homes than we saw going up in 2006! These builders are to be lauded for both their courage and their enterprise. If you already own a home, it's also a good time to move forward with remodeling while there remains an available pool of reputable and proven local contractors, or to consider a larger home if future family needs require this – especially as it is our smaller homes that continue to command most Buyer attention. Again I counsel that building costs are really not going down, in light of the adoption of ever stringent building codes and the increasing costs of permits and most materials.

Property Prices and Property Values

This past year's **Tahoe Donner** unit sales show the pent up and ongoing demand that this market continues to command. The data portends well for property values in the years to come, as we ended the year with 319 homes and condominiums sold, the highest number attained since 2005. Property values in this **bellwether, median value community** last peaked in 2006, and home, condominium, and lot sales this year attained prices that are approximately where they were in 2003-2004. Lot sales remain thin, but the number sold is significantly higher than was recorded in the previous year.

2010 saw unsold Tahoe Donner home inventory peak at 164 in late September, as is usual for this market. There are almost **5,000 homes** built in this community, so the number of available properties actually remained relatively low throughout 2010.

As our community approaches build-out, you can anticipate that there will always be a premium associated with private, peaceful or view properties... Well located properties always fare well under all market conditions, and second home Buyers typically want a nice contrast to their urban homes, and to really feel that they are in the High Sierra... No matter what your price point, it's still a good time to leverage into the best location you can afford - not only will you enjoy your property more, it will serve to protect your investment.

Sellers - the market remains unforgiving for overpriced properties, and practical sellers will continue to benefit and show well against their overpriced competitors. Don't follow pricing trends – lead, else when you eventually decide to adjust to realistic pricing, your yield will likely be lower. If you are considering listing, evaluate the local market, up-to-moment trends and your competition objectively.

Caveat Emptor

Over the past few years I have seen the phenomenon of "bad", impractical homes, sell at seemingly "good" prices. Properties can be visually seductive in the Summer and Fall, so when searching in the no-snow months, it is vital to always look at all properties through the consciousness of "winter eyes". There is a reason why steep, shaded North-East facing driveway properties, for example, are shunned by locals and take a while to sell - so you better buy that seemingly "good" property "right", because if you ever intend to sell it, you are going to have to price it aggressively to get market attention...

Opportunities for Buyers & Sellers in 2011

Interest rates remain historically low, but there are growing signs of inflation, and the Feds have both indicated and instigated policies that support this phenomenon rather than deflation. My own life experience of owning property in more than one country has shown that real estate historically performs relatively well in this environment – I recall living in the Bay Area in the late 70's and early 80's when real estate was booming, and a 30 year fixed mortgage commanded an interest rate of 18% - property prices seemed outrageous back then, but today they are of course significantly higher. The pundits are currently advising that rates will likely remain under 6% for a 30 year "fixed" through 2011, as they did in 2010.

The dynamic of the higher up the price point chain, the better the realized value remains in effect. The **average list price today for all unsold homes in Tahoe Donner is \$757,000** (median \$649,000), while the **average price attained in 2010 was \$576,000** (median \$520,000). Once again this market experienced some occasional multiple offers this past year.

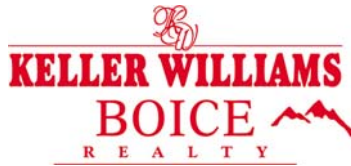
The **condominium market** saw stronger unit sales recorded in 2010, while prices continued to decline. Historically stronger trends in condominium sales often denote the beginning of an overall firming of property values. **Pinyon Creek, Stoneridge** and other local town home markets currently offer exceptional values for recently constructed properties. When buying into condominium projects, do research their Home Owner Associations fiscal health thoroughly, particularly the smaller complexes, where economies of scale are also less likely.

Lot Sales

With the notable exception of Martis Camp, lot sales remain anemic – **Tahoe Donner**, after a 20% drop in 2009, recorded a further **30% drop in average sales price**, but also reported almost triple the number of sales of 2009. The **average price of an unsold Tahoe Donner lot is now \$208,100** – note that the well located and rare lots can still command a premium, as the area moves closer to build-out. The **7 lots that sold in Northstar last year attained an average sales price of \$446,700**, while no sales were reported in **Grays Crossing**. **Old Greenwood** reported **1 sale, at \$160,000**, while **Lahontan's 17 sales averaged \$158,700**... **Martis Camp sold 58 developer lots which averaged \$797,400** with an additional 8 resales through our MLS. Astonishingly, there are currently 54 homes on the rise there, plus another 47 in design review. Their magnificent Lodge is scheduled for its grand opening in July, complementing the much admired Family Barn and other amenities. This gorgeous, high-end community offers absolutely stunning real estate to the affluent and discerning Buyer.

Prepare...

Whether you are a Buyer or Seller start now in familiarizing yourselves with inventory and trends, establishing your own bench marks to monitor. This is another task where I can help. Knowledge based confidence will help you to recognize opportunity early and move forward successfully.



Our Company... 2010 saw us once again remain the top producers of all Brokerages of the Tahoe Sierra Board of Realtors, measured either by total dollar volume or the number of properties successfully sold in the Tahoe-Truckee region. We are committed to current technology, and the ongoing support, education and training of our agents and support staff.

Experience: The end of 2010 marked my 278th successful transaction for a Tahoe Donner Buyer or Seller, complementing my many other sales in our other local markets. 2011 also marks my 27th year resident in our beautiful community. The **North Woods Group** has adapted successfully to market conditions, and our unique business model of incorporating an experienced Realtor as a full time webmaster to constantly update our multiple websites continues to serve our clients well. This enables me to spend more time “in the field”, and to confirm opportunities quickly. My “... **service that extends beyond the sale**” practices have been utilized by many of you these past years, and I appreciate your kind acknowledgements of my on-going service and commitment to you. Know that I value and appreciate **your referrals** immensely, and that referring me reflects on you – I am well aware that it's part of my job to make you look good too!

I enjoy my work, and welcome the opportunity to discuss our real estate market and properties anytime. All my contact data is below. I know that you all lead busy lives, so know that I usually take calls 7 days a week, and up to 10:30 pm.

If you would like similar data or details of current availability for other Greater Truckee markets, then please contact me. My website is also a good resource in that you can easily set up for “push” emails of all the latest listings that meet your input criteria, within 24 hours of their being listed in our MLS, regardless of Brokerage.

Home Owners – Reminders

- 1. It is vital** that heating appliance external vents not be blocked by snow, or any other obstruction.
- 2. Painting/Staining/Upgrades & remodel work** – get bids now. Our climate dictates that established, proven vendors are often too busy to give free bids in the Summer... Interior work will also yield the best bid if quoted for Winter completion.
- 3.** I maintain a constantly updated list of **local vendors and service providers** that I have personally used, and who also come highly recommended by my colleagues and clients – call me if you need a proven and reliable resource.

I wish you a Happy, Healthy, and prosperous 2011. It's always a pleasure to hear from you.

Respectfully,



Realtor®

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