

The TELLURIDE REPORT

Volume III - 2011

EXCLUSIVE AFFILIATE OF
CHRISTIE'S
INTERNATIONAL REAL ESTATE



CANDY SPELLING'S WORLD-FAMOUS HOLMBY HILLS ESTATE HAS SOLD TO HEIRESS PETRA ECCLESTONE FOR \$85 MILLION

EXCLUSIVE CHRISTIE'S AFFILIATE REPRESENTS BOTH BUYER AND SELLER

Price Paid For "The Manor" Establishes New Record For Southern California

Holmby Hills, California—The change in ownership of The Manor is now complete. Today heiress Petra Ecclestone, 22, closed on the property built by entertainment royalty Candy and Aaron Spelling.



"The luxury residential real estate market in the Beverly Hills area is performing strongly," says Mr. Hyland. "It stands among the global markets of Hong Kong, New York and London, in enticing savvy buyers from all parts of the world. Hilton & Hyland is

Beverly Hills' luxury real estate leader commanding one-third of the local market for properties valued above US\$5 million."

"Hilton & Hyland epitomizes the caliber of brokerages invited to join the Christie's International Real Estate network," says Neil Palmer, Chief Executive Officer of Christie's International Real Estate. "Our Affiliates are truly the luxury real estate specialists worldwide."

Standing as the crown jewel in a premier Southern California neighborhood, The Manor is the largest and grandest private residence in Los Angeles. Beautifully positioned on nearly five acres of rare flat land in prized Holmby Hills, The Manor spans 56,500 square feet, setting a new standard of scale and opulence for residential estates.

FILM AND BLUES & BREWS FESTIVALS

WRAP UP THE SEASON

Two Of The Most Popular Festivals In Telluride's Lineup Are Also Two Of The Most Well-Attended



As summer winds down and the days get shorter, Telluride will be gearing up for its last two major festivals of the summer, the Telluride Film Festival and the Telluride Blues & Brews Festival. Labor Day weekend 2011 will mark the 38th Annual Film Festival, which was started back in 1974 by Bill and Stella Pence and James Card of Eastman House.

Historically, the Telluride Film Festival has been the launching pad for great films like "The King's Speech," "Black Swan," "Slumdog Millionaire," and "Brokeback Mountain," to just name a few. Unique among film festivals around the world, Telluride's festival doesn't announce their program until the Friday kick-off day of the festival, keeping all 6,000 attendees in the dark (literally!) on what films will be premiering over the weekend. For more information, please visit www.telluridefilmfestival.com.

During the weekend of September 16-18th, Telluride will be hosting the 18th Annual Blues & Brews Festival. What started as a Main Street concert with a beer tent has evolved into a 10,000-person-a-day festival in Town Park that features some of the best blues and rock and roll music currently touring. This year's line-up is poised once again to be a great one, featuring headliners like Willie Nelson, Big Head Todd and the Monsters, Robert Cray and The Flaming Lips, to name just a few (visit www.tellurideblues.com for the entire line-up). Along with great music all weekend in Town Park, patrons can also enjoy late night Juke Joint shows at local establishments and venues. On the Brews front, the festival's Grand Tasting on Saturday the 17th will feature more than 150 beers from over 50 accredited national microbreweries.

ASK YOUR TREC BROKER HOW
YOU CAN GET *20% off* YOUR
SKI RENTALS THIS WINTER!

FOR A FAMILY WHO SPENDS
\$2,000 TO RENT SKIS,
THAT'S A *\$400 savings!*

TELLURIDE REAL ESTATE MARKET UPDATE

After Demonstrating Strong Signs of Recovery In 2010, Telluride's Real Estate Market Is Holding Its Own In 2011

After demonstrating strong signs of recovery in 2010 with gross dollar sales performing 20% above 2009 and numbers of transactions increasing 18%, the 2011 Telluride marketplace appears to be holding its own.

Within the historic Town of Telluride, transactions are up 20%. The quality of six of those sales and

under contract properties offers a more positive outlook for the sale of upper-end residences in the region. The average per incident of sale was \$3.44 million with a low sale price of \$2.6 million and a high of \$6.95 million. Sales within the Telluride region (outside of historic Telluride and Telluride Mountain Village) have remained relatively stable with a modest increase of 4% in transactions while the Telluride Mountain Village experienced a 20% increase in numbers of sales. It is also noteworthy that through the end of July all regional transactions are up 17% with a total of \$83 million in transactions currently under contract. Nearly 40% of those contracts have asking prices above \$1 million with an average ask of \$3.2 million.

This data seems to indicate a 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.

Another strong indicator of a possible resurgence of the upper end market is the dramatic increase of sales of upscale residences in Aspen. Typically, the Telluride market follows suit. A recent article (7/6/11 Aspen Times) noted 14 homes closed in excess of \$10 million with three additional residences under contract at that price level. That stat is only one sale less than Aspen's all-time record with half of the year still remaining.

While partisan politics resulted in a federal debt crisis and, in turn caused havoc in the financial markets, investors are beginning to realize that real estate in proven resort markets like Telluride should have a place in their investment portfolios. Not only have values likely bottomed out, but liquidity can be preserved by borrowing at historically low interest rates for investment in very high-quality properties below replacement cost. Those same investors are likely to hold resort assets for many years to come and enjoy the use of a "family asset" that is protected by a market with limited inventory and very significant ownership equity.

In short, there have been too many sleepless nights watching recaps of the markets and many feel the time has come to acquire an investment that will provide years of intangible returns for generations of family.



PATAGONIA STORE TO OPEN ON MAIN STREET



Starting in November, fans of the high-end outdoor brand will be able to shop locally. Check our next issue for an update!

TELLURIDE'S COOL SUMMER AND MAGNIFICENT AUTUMN COLOR SEASON

While most of the Eastern Seaboard and Southern states baked in the summer heat, summer in Telluride, beginning with the Wine and Bluegrass Festivals, was exquisite. Daytime temperatures in June, July and August were generally in the mid-70 degrees with average night time lows of 55-60 degrees. Virtually every day dawns with blue skies and regular afternoon showers keep things green and blooming. We had the great fortune that virtually all of the Summer Concert Series hosted outdoors at the Sunset Plaza venue in Mountain Village were under sunny skies.

Telluride's magnificent autumn color season is just around the corner. September is our second lowest rainfall month of the year and the colors are expected to peak between mid-September and the first weekend of October. This is a great time to visit Telluride, before the snow flies and during a time of great beauty and splendor, to purchase real estate at such an opportune time to buy.

SEPTEMBER

- 2-5 Telluride Film Festival
- 5 Labor Day
- 10 Imogene Pass Run
- 10 Telluride Arts 40th Birthday Bash
- 15 Bob Miller Memorial Golf Classic
- 15 Sunset Blues Concert Featuring The Sugar Thieves
- 16-18 Telluride Blues & Brews Festival
- 22 Calypso Rose In Concert
- 24-25 Telluride Arts Presents: Telluride Open Studios
- 26-10/2 Telluride Photo Festival
- 30 Scott Cosso Trio In Concert

OCTOBER

- 6 Telluride Arts Presents Art Walk And Kids' Walk
- 9 Telluride Golf Club Closes for the Season
- 14-16 Telluride Horror Show
- 17 Gondola Closes for Off-Season
- 31 Halloween

NOVEMBER

- 18 Gondola Reopens
- 24 Thanksgiving / Ski Area Opening Day

NOTABLE LISTING



CATMANDO

Located on 35 acres within the spectacular Gray Head Wilderness Preserve, "Catmando" is unsurpassed in craftsmanship and setting. Perched on a wildflower-studded mesa surrounded by the Telluride region's entire collection of 13,000+ foot peaks and the iconic Wilson Peak, this owner-built home is one of a kind. The main living area consists of a Pre-Civil War barn dismantled and re-built on site with ceilings up to 35'. The estate incorporates over 10,000 square feet of outdoor living space complete with pond, water falls, bridge, fire-pit, palapa (with wine cooler, ice maker and Sun-Brite flat screen television), hot tub and multi-tiered patios. The views are unmatched, custom finishes unrivaled, and opportunity unequalled. Just to see this gem of the Rockies is a unique experience.

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TELLURIDE MOUNTAIN INSTITUTE TO OPEN THE TELLURIDE SUMMER CENTER IN MAY 2012

Introducing A New Downtown Venue For Gatherings, Weddings, Parties and Events



Photo for illustration purposes only

The Telluride Summer Center will be operational in May of 2012. Of course, the lawn won't be installed until June, snow permitting. This extraordinary facility for weddings, parties and events of all sorts is located in downtown Telluride. The beautiful tent can provide space for dancing and a seated dinner for 250 (the dimensions may change slightly by spring).

There will be a side tent with restroom facilities included in the rental, and clients can choose any caterer and purchase their own beverages from any vendor.

Please contact your TREC broker for more information on this incredible new venue.

RON ALLRED INDUCTED INTO THE COLORADO SKI HALL OF FAME

The Telluride Ski Resort's Founder Is Honored For His Role In Making Telluride What It Is Today

Former ski area owner and Mountain Village visionary Ron Allred will be inducted into the Colorado Ski Hall of Fame later this year. Allred is arguably the most important person to shape the Telluride region we know and enjoy today. Allred first arrived in town in 1977, following a successful run developing the town of Avon at the base of Beaver Creek. He was determined to create a complete resort and Telluride appeared to be ripe for that objective. The town was in poor shape, the old Idarado mine was about to close, and the young

ski area was struggling. And yet, surveying the extraordinary landscape, Allred liked what he saw.

Ron's foresight and planning is directly or indirectly responsible for the airport, Mountain Village, new ski lifts and terrain expansion, the golf course, gondola, wastewater treatment plant, and more. Most, if not all, of the key resort amenities and infrastructure improvements that we use every day are a result of his vision and tenacity. For over 25 years, leading up to the 2004 sale of the resort to the current owners, Allred was a visible presence in the Telluride community.

Allred's induction into the Hall of Fame acknowledges his contribution toward making Telluride one of the most special places in this country. Our hats are off to him!

TELLURIDE AIRPORT'S WINTER AIR MAP RELEASED - IT'S TIME TO PLAN YOUR WINTER VACATION!

