

2007 Year End Status, Statistics and 2008 Trends



Looking at the overall national real estate data and statistics picture, our Market up here is faring better than most, on a relative basis. We are invariably always affected by the Bay Area economy, and fortunately the depth, breadth and resilience of its industries are a boon to us... With the overall economy and real estate in general currently front and center in the national discourse, I need only report and comment on things local...

Our area's "lifestyle economy", and inexorable demographic trends will continue to favor us, as does the finite nature of our area's year-round accessible land... Northstar's Ritz Carlton construction continues apace, and like Martis Camp, this spectacular real estate raises the bar yet again in our community. Martis Camp will provide our area with its tenth Championship Golf Course, and is one of the catalysts for the likely further expansion of Northstar's ski terrain. The well financed marketing of these and other high-end developments will continue to benefit all of us who are invested here...



David Hipkins

Like last year, properties will take longer to sell in 2008. This fact of life will certainly apply to lot owners, as the lot market has further softened, and until home inventory shrinks somewhat, the "spec" builders, who typically drive lot sales, will continue to hold off. Sales for all property categories were generally down for the year, but some of our markets fared better than others – our "local" and more affordable sub-divisions did not hold up as well as some of our second home communities – Tahoe Donner, for example, with 177 single family home sales on record, still managed to sell about the same number as in 2006, but with a concomitant drop in average and median sales prices.

Lynette and I have now moved into our new home, and we are enjoying it immensely. We found this to be a very intense and rewarding project, which combined with the remodel and successful sale of our prior home, has provided me with even more real experience to aid you, my High Sierra clients.

Market overview data is on the first page of this report, and in graph format on the second – for further amplification of overall market dynamics and considerations, please read the subsequent pages or call me.

TAHOE DONNER 2007 Year-End Activity Snapshot & Trends (bellwether for Greater Truckee)

SINGLE FAMILY HOMES

Year End	Unsold▶	In Escrow▶	Sold▶	AvgSoldPrice	Median
2003	71	15	352	\$540.0k	\$495.0k
2004	30	23	378	\$624.3k ▲16% from prior year	\$589.0k ▲19%
2005	79	13	258	\$811.9k ▲30%	\$765.0k ▲30%
2006	84	12	179	\$817.9k ▲1%	\$710.0k ▼7%
2007	117	7	177▼	\$740.6k ▼9%	\$675.0k ▼5%

CONDOMINIUMS

Year End	Unsold▶	In Escrow▶	Sold▶	AvgSoldPrice	Median
2003	11	12	77	\$266.9k	\$271.0k
2004	1	5	75	\$352.2k ▲32% from prior year	\$360.0k ▲33%
2005	14	3	61	\$413.7k ▲18%	\$445.0k ▲24%
2006	34	1	30	\$432.5k ▲5%	\$419.9k ▼6%
2007	31	0	32▲	\$372.8k ▼14%	\$414.5k ▼1%

LOTS

Year End	Unsold▶	In Escrow▶	Sold▶	AvgSoldPrice	Median
2003	34	10	101	\$162.0k	\$154.0k
2004	8	8	127	\$203.8k ▲26% from prior year	\$198.5k ▲29%
2005	36	3	68	\$341.3k ▲68%	\$327.0k ▲65%
2006	46	3	38	\$353.3k ▲4%	\$335.0k ▲2%
2007	44	2	23▼	\$282.8k ▼20%	\$285.0k ▼15%

My full-time licensed assistant, and The North Woods Group team manager, Jessie DeClercq, is a great asset, as ever more of you have experienced this past year. Should I not be immediately available, she can be contacted at 530-550-0187

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.tdhomes.com

Reach David Hipkins at 530-414-1213 800-593-3535

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Should We Build or Remodel?...

For those of you contemplating whether to remodel or build a new home, do know that well located properties older than five years can likely still be acquired for lower than current replacement cost. Be advised that structural remodels tend to be expensive, take longer, and are a more involved and arcane process than just simple cosmetic remodeling. On the plus side for consumers, our builders are basically now out of the "spec" market for the time being, and are hungry for "build-to-suit" or remodel contracts. Do be aware that our snow loads and engineering requirements, however, always translate to High Sierra construction requiring considerably more materials than in the flat lands. These materials are commodities that continue to experience significant global demand, also fed by our own national rebuilding needs, necessitated by unfortunate natural disasters. Materials transportation is only one of the many petroleum based components in home building, so it is unreasonable to expect the net combination of labor, production, and delivery costs to soften. Add into the mix changing building codes, increasing local fees and permit costs, as well as the likely trend of construction loan interest rates... so, building or remodeling? If you are going to do either, do it soon... Our new home was built and completed in September, while we also conducted the remodeling and successful sale of our prior 21 years old property. If you have questions about building or remodeling, I really can help.

Property Prices and Property Values

It has taken the past year plus for Buyers and Sellers to become more confident about values and trends, as they had generally been for the 4 years prior to 2006. Buyers and Sellers are now in touch with current market conditions. Expect the market to continue to remain unforgiving for overpriced properties, while realistic sellers will "bounce" successfully off of their overpriced competing cousins... those who lead trends, rather than follow, are more likely to be rewarded.

Note that unlike principal residence markets, our inventory typically grows inexorably through Summer, peaking in the Autumn. Last year, unsold Tahoe Donner home inventory peaked at 185 on the 17th of August. This earlier than normal peak was likely due to the decline in new construction, which typically comes online later in the year.

Opportunity for Buyers & Sellers - 2008

For those of you who already own up here, you can still take advantage of a relatively soft market for both upper end and larger homes, and a relatively stronger market for your possibly more modest one ... Some of my clients successfully did this last year - that is, they sold relatively "high", and bought bigger or better "low", and I am currently working with others who have the same agenda, while interest rates still remain historically low. Note that the current softened demand for large homes continues to put pressure on builders to price new construction more aggressively, with a subsequent price softening of competing older homes. Of the 56 Tahoe Donner homes on the market today at a million dollars or more, only one is currently in escrow, and the **average price today for all unsold homes in Tahoe Donner is \$1,052,000** (median \$968,000), while the **average price of homes sold in 2007 was \$740,600** (median \$675,000). Unsurprisingly, the relatively high number of unsold higher priced homes is mostly comprised of newer construction. The **condominium market** remains soft, and as with all property markets, will be unforgiving for overpriced listings, for today's Buyers are informed, and expect real value. Some of our other local markets continue to experience good demand for the more exclusive higher priced luxury condominiums.

Lot Sales

Unsurprisingly were soft last year – **Tahoe Donner** saw a **20% drop in average sales price** – with a relatively low number actually sold, as in most other markets. Lot demand is usually driven by the "spec" builders, and the data confirms the trend first reported in 2006... prices are settling to realistic levels, with the **average price of an unsold Tahoe Donner lot now at \$331,000...** The **one lot sold in Northstar last year attained \$1,250,000**, while the **average sold price in Old Greenwood was \$549,200, Grays Crossing \$369,300, and \$339,000 for Lahontan...** Northstar, Old Greenwood, and Grays Crossing are all **East-West Partners'** developments, and their targeted, well financed marketing campaigns still continue to attract Buyers to our area and hence to our other submarkets, as does the **Ritz Carlton, Martis Camp, and Timilick** ... The rare, special, and well located lots in any community can still command a premium, if Sellers are willing to be patient...

Serene Lakes... Regular readers know that I always annually report on this extreme climate little gem, located up on the summit by Royal Gorge, North America's largest cross country ski resort. Current **average list price of the 14 available lots in Serene Lakes is \$279,300**. This area is set for significant development, and is also well situated to take advantage of Sugar Bowl's luxury market expansion.

SERENE LAKES – LOTS	<u>Year End</u>		<u>Units</u>	<u>AvgSoldPrice</u> ▶	
	2003	Closed▶	24	\$84.2k	
	2004		19	\$164.3k	▲ 95% from prior year
	2005		27	\$212.9k	▲ 30%
	2006		26	\$234.7k	▲ 10%
	2007		11▼	\$226.7k	▼ 3%

Be Prepared...

Whether you are considering Buying or Selling this year, now would be an excellent time to begin to establish your own benchmarks, and familiarize yourselves with relevant inventory. I can help. Knowledge based confidence will enable you to recognize a real opportunity when it presents itself, and to move forward quickly and successfully – carpe diem!



My **North Woods Group** continues to flourish, under ever more challenging market conditions. We have been able to successfully adapt, and our early adoption of incorporating a full time webmaster, who is also an experienced Realtor, has paid dividends and served both us and our clients well. Our constantly monitored and refreshed multiple websites receive a steady and increasing stream of “sticky” subscribers, serving as useful tools for both new and established clients. Our business model also frees up my time, so I can be constantly “in the field”, to keep up with our ever changing inventory, and experience trends in real-time. Despite the relative slowdown in sales, we continue to ramp up investment in our advertizing and marketing. My **“for service that extends beyond the sale”** credo has been utilized and realized for many of you this past year, thanks to the support of Jessica, and we both appreciate your kind and positive acknowledgements of our on-going services and commitment to you.

...I enjoy my work, and welcome the opportunity to discuss real estate and the market anytime! I have lived here full-time since 1984, and if I may presume, know the area very well. All my contact data is below. I know that you all lead busy lives, so please feel comfortable to call me in the evenings. I usually take calls 7 days a week, up to 8:30 pm. Also, please share this report with friends, family or colleagues who will find this of value. Your 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 Martis Camp, Lahontan, Timilick, Northstar, Squaw Valley, Alpine Meadows, Donner Lake, Prosser, Glenshire, Cambridge Estates, Juniper Hills and the Juniper Creek areas, then please contact me. My website is also a good resource - you can order “push” emails of all the latest listings that meet your desired location and other 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. **May 31st, 2008** marks the Town deadline for the **removal of any non-EPA2 certified** woodstoves and fireplace inserts from your properties. Plan now and contact me for qualifying criteria, grant data, or local vendor resources.
3. **Painting/Staining** – If it’s in your plans this year, get those bids during the Winter – established and proven 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 for Winter completion. And don’t forget that Tahoe Donner’s Architectural Standards Office needs to review your exterior’s color scheme, especially when changing colors.
4. I maintain a constantly updated list of local vendors and service providers, that I have used on my own properties, and who also come highly recommended by my colleagues and clients – call me if you ever need a proven resource.

As ever, I wish You and Yours a Happy, Healthy, and prosperous 2008, and it’s always a pleasure to hear from you.

Respectfully,

DATA SOURCE: Tahoe Sierra Board of Realtors MLS - Data is deemed reliable but not guaranteed.
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