



A QUARTERLY MARKET REPORT FROM SANTA FE'S LARGEST LOCALLY OWNED AND MANAGED REAL ESTATE BROKERAGE

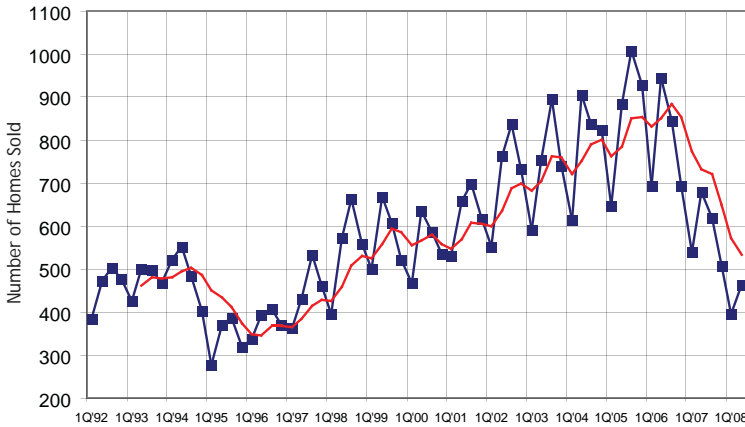
SANTA FE, with its pristine environment, its colorful local traditions, profusion of art and music, quaint shops and indigenous cuisine provides a unique lifestyle within a vacation-destination community. Our citizens enjoy all the usual amenities and activities, but it is the deep connection of the Hispanic and Native American people to this place, and their tenacious preservation of their cultures which offer a depth of human experience that is unique in North America. Perhaps more than anywhere else, those who are attracted to Santa Fe can find no alternatives.

The fourth quarter of 2008 saw a huge national mood swing from contentious pre-election stress to a reflective and quiet holiday season. The simple beauty of our lovely town struck the perfect note for a less glitzy, more heartfelt holiday season. Farolitos lined the streets of the east side, flickering bags of light on a thick blanket of fresh snow. Neighbors greeted each other on the sidewalks, sang carols and visited. The Railyard development took a great leap forward when, in December, regular Railrunner commuter rail service began between Santa Fe and Albuquerque, and the anchor REI store opened. Sold out trainloads of visitors brought new energy into the restaurants and shops, boosting modest holiday sales.

Fourth quarter home sales suffered from the chill of uncertainty and angst surrounding the election, with quarterly closings falling 18% below the previous year after a mildly encouraging third quarter. The 417 home sales in the fourth quarter were above the first quarter low of 395. So 2008 shows a return, for the first time since 2005, to the normal seasonal sales pattern with the lowest sales in the first quarter and the highest in the third. During the holidays, with interest rates falling to record lows, buyers seemed more committed to the process of buying a home. This could boost closings in January. The red trendline on the number of residential sales per quarter is still in a downtrend, but the monthly sales figures seem to be forming a bottom, bouncing between 100 and 200 sales a month for the past year.

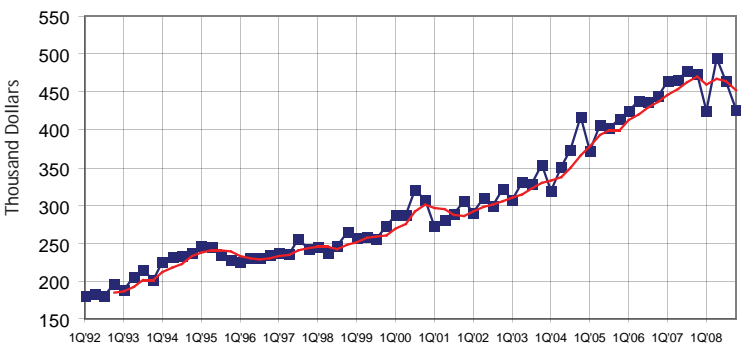
The average price of a home here seems finally to have topped out. Over the last three years the average has risen while the number of sales fell. This is an artifact of the data... low priced home buyers are financially weaker, so that

Quarterly Residential Sales in Santa Fe MLS



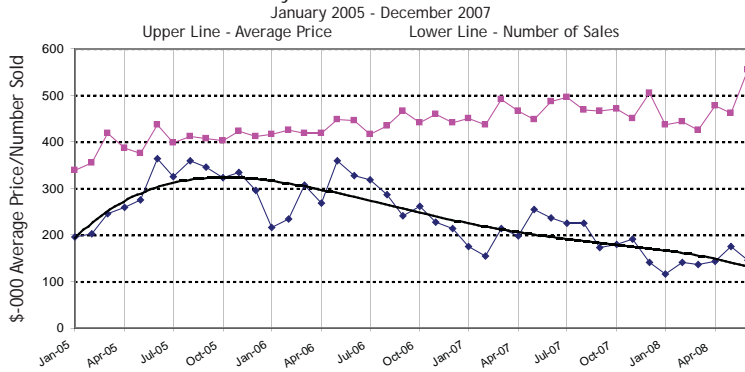
Prepared by Ed Reid, Santa Fe Properties Inc. (505)577-6259

Average Home Sale Price



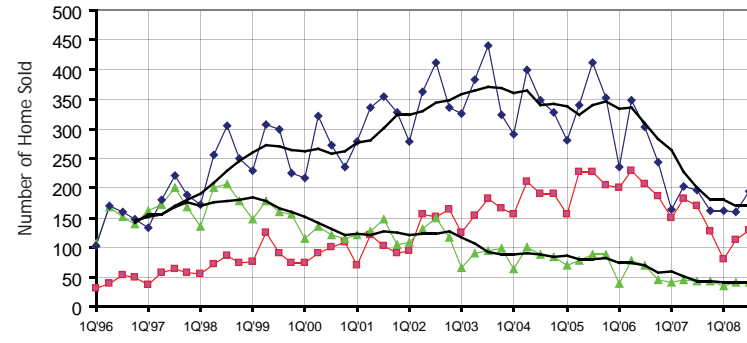
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Monthly Santa Fe Area Home Sales



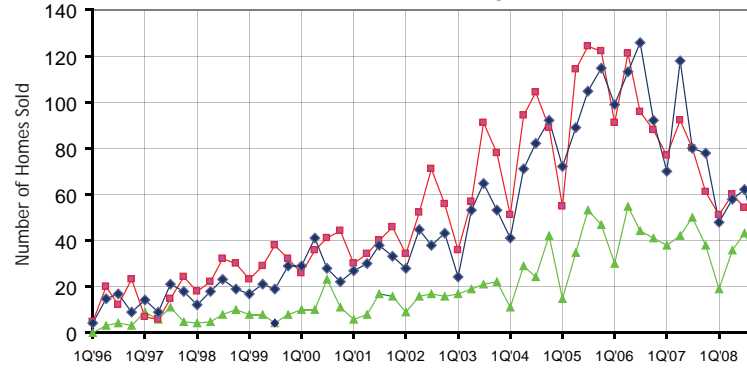
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Quarterly Santa Fe Area Home Sales
\$0 - 150k Green(triangles) \$151 - \$300k Blue (diamonds)
\$301 - \$450 Red (squares)



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Quarterly Santa Fe Area Home Sales
\$450 - \$600k upper line (squares) \$600 - \$1,000k middle line (diamonds)
Over \$1,000k lower Line (triangles)



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end of the market dries up first in a downturn. With fewer low priced sales, the average price rises. In the previous market corrections of 1995 and 2000, the highest average home prices occurred at about the same time as the lowest number of homes sold. The market seems to be at or near that point again now. The current dip in the red trendline of average prices seems to mark the beginning of its decline. In the past, prices continued to drop for a year after this point as buyers came back into the broader market with high inventory and a strong negotiating position. The number of sales in the low to mid priced homes, say \$300,000 to \$600,000, also seems to be improving, which lends support to the prospect that some turnaround is at hand. The chill of winter is still with us, but there are good indicators that the third quarter of 2009, normally the strongest quarter of the year, will bring some recovery and initiate a return to normal sales levels.

The inventory of homes actively listed is high, as it has been the last year or more, but not increasing. Selection is excellent, giving buyers an excellent negotiating position.

A point to remember is that real estate markets are strictly local. This recession has touched virtually everyone, but Santa Fe's traditional "feeder" markets like Texas and California have healthy business sectors including energy and entertainment. The baby boomer segment is moving into their 60's, and will not postpone dreams of a home in Santa Fe for too long. Santa Fe averaged 785 homes sold per quarter during the five years prior to the beginning of the recession in 2007. There is no sign of a drop in Santa Fe's desirability—there are hundreds of buyers who have deferred their plans to purchase. Plans may be adjusted, but a pent up demand is growing.

2008 SANTA FE COUNTY STATISTICS

HOMES SOLD

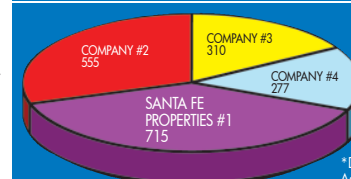
Total Number of Homes Sold	1812 Homes
Average Days on the Market	180 Days
Average Asking Price	\$480,061
Average Sales Price	\$453,435
Range of Sales Prices	\$15k to \$16.5M
Average Price Per Sq.Ft.	\$251.07/Sq.Ft.
Average Sales Price as a % of Average Asking Price	94.45%

HOMES FOR SALE

Average Days on the Market	201 Days
Average Asking Price	\$664,393
Average Price Per Sq.Ft.	\$280.69/Sq.Ft.
Number of Homes For Sale	2511 Homes

Santa Fe's Market Leader in Real Estate Sales.

In 2008, Santa Fe Properties sold 160 more properties than our nearest competitor.



*Data for all residential sales reported. Data provided by the Santa Fe Association of Realtors is deemed reliable but is not guaranteed.