



Has Our Market Bottomed Out?

Welcome to the twenty-seventh issue of *The Hole Report*. Published semi-annually, this data-driven report is the most accurate & trusted real estate news source in Teton County Wyoming.

HAS OUR LOCAL REAL ESTATE MARKET BOTTOMED OUT?

If you're a Buyer in the Jackson Hole real estate market, and you're looking for a sign to tell you when to make an offer, you have to first ask yourself the following question: "Am I looking to achieve the lowest purchase price or the lowest monthly payment?"

If your answer is "lowest monthly payment", you might have missed the lowest rates. In early January 2009 the **mortgage rates** for a conventional 30-year loan, **hit a 37 year low** (4.5%). Over the last two weeks, we've seen the rate jump as much as half a percent, based on any positive economic news. On Inauguration Day rates jumped half a percent within one hour of President Obama being sworn in. In my opinion, if the new administration can instill confidence in the stock market, most likely the low mark of 4.5% will continue to go up. The hope is the Feds will do everything in their power to keep rates low, for at least the next six months. **Note:** A two-point move in the interest rate can change your payment by as much as 20%. A drop of 2% in interest rates can help you to qualify for a property worth 20% more.

If your answer is "lowest purchase price", then now is the time. Over the last twelve months, we've watched Sellers try to figure out where the market value is for their property. They started by listing 15% to 20% more than the all-time high of 2007. When no Buyer's made offers, they lowered their asking price by 2% to 5% increments until they hit their 2007 market value. If it still didn't sell, then many Sellers pulled their property off the market. **Note:** Our local market saw the highest number of withdrawn or expired listings ever, in 2008. Sellers still want to sell, but are not going to give up their cherished equity. Unless our local economy falls completely apart in 2009, don't expect to see over-all values go down much further. Those sellers that want to wait, and have the ability, will simply borrow against their equity and wait for the market to return.

Lets look at the larger picture: The national and local real estate downturn began in January of 2006. It has now been three solid years of a down cycle. Based on my own daily observations, conversations with our appraisers, clients and other brokers as well as what seems to be a growing sense of optimism throughout the country, I believe that our local real estate market will begin to make measurable gains in the second quarter of 2009. Which means, the buyers who remain will find their best deals in the next six months. For those who are able to take advantage of this real estate market, and historically low interest rates, there will be some tremendous gains to be realized. Individuals who are watching the market closely to gauge when they should re-enter, have started surfacing in the past couple months. This trend is an indication that the market will gain momentum this year and, in retrospect, Buyers will look back at 2009 as the year they wished they had purchased their Jackson Hole real estate.

As mentioned in past reports, there hasn't been the panic in our Jackson Hole market like other real estate markets across the country, although we definitely have been affected. The key variable we don't suffer from is over saturation of inventory (we only have an eight-month supply of real estate). In Florida, California and other locations, thousands of homes were built in a short period of time creating a dramatic over supply. Conversely, there is a diminishing supply of real estate in Jackson Hole. The Jackson Hole market has remained

relatively stable when compared to other markets and other types of investments (the stock market). However, it's still a Buyer's Market, and there are some very interesting opportunities in the market place. If you can afford to purchase property, now is the time. Have your Broker research the inventory, and identify ones that are right for you.

Why invest in Jackson Hole: If you compare your stock portfolio, IRA, 401k or any other investment you've made in the last 10 years to your Jackson Hole real estate investment, hands down your Jackson Hole investment has increased the most. My guess is: your Jackson Hole investment has more than doubled. The obvious benefit of investing in Jackson Hole is you have confidence going forward that it's one of the most secure investments you can make. Prior to the recent downturn, real estate in JH has historically appreciated at a rate of 10% to 20% per year. At a time when even cash is at risk, a Jackson Hole investment can make a great deal of sense, plus you have the added benefit of enjoying it year-round. The current economy and the devaluation of the stock market have demonstrated that fact in dramatic fashion. We hear on a daily basis from clients who tell us how happy they are they made their Jackson Hole investment(s). Not many brokers of any other investment products are getting those kinds of calls these days.

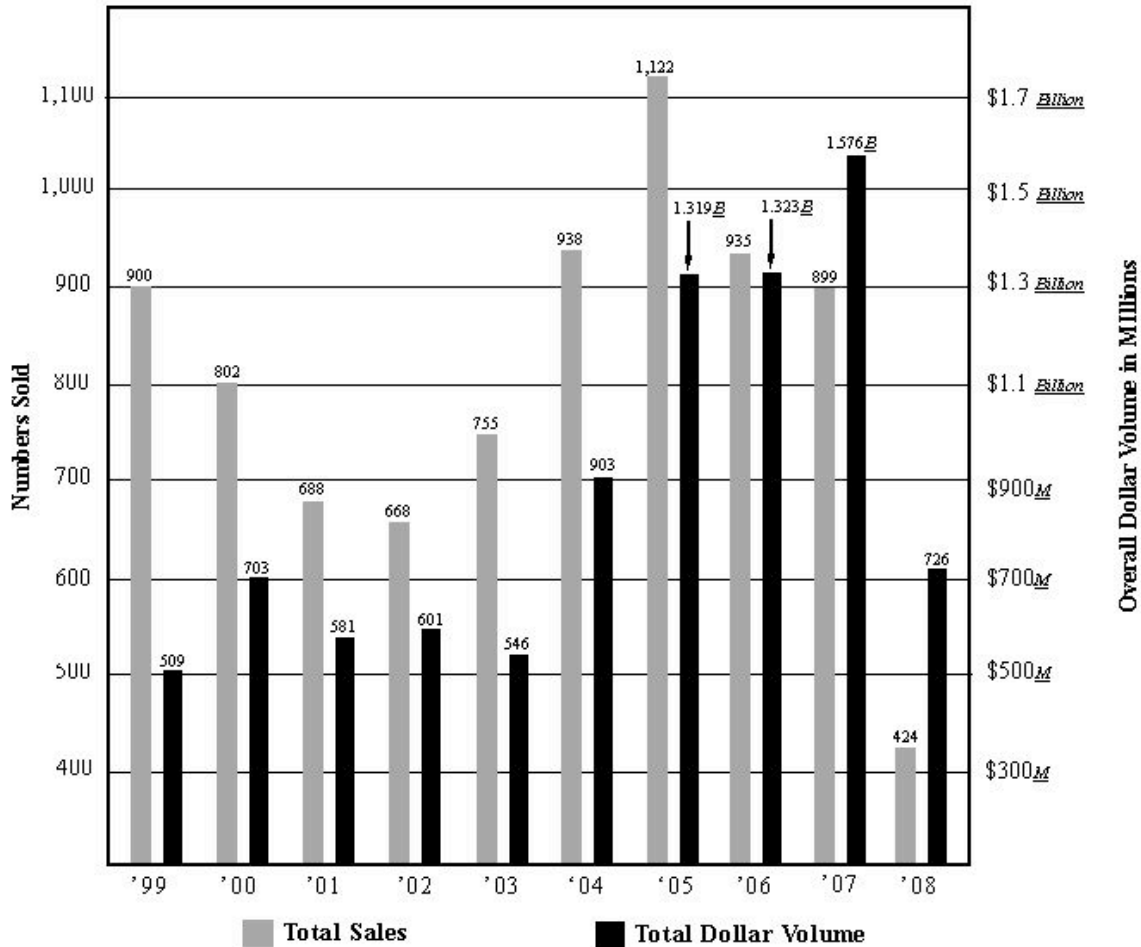
CRUNCHING THE NUMBERS FOR 2008: The **overall market** (*all home, lot, condo and commercial transactions or listings*) experienced the largest decrease in **number of sales (down 48%)** in recent history. In-fact, the last time we saw so few sales was in 1995. Numbers can be deceiving though. You have to look at the entire picture in order to understand what is truly happening in JH. Overall dollar volume was down 54% to \$726 million, but the average sale price was only down 2%, and the **median sale price was actually up 22%**. Note: This anomaly comes from the lack of sales under \$1 million (down 60%). The upper-end market (over \$2 million) also experienced a large decrease in number of sales, down 52%. Yet, almost half of the 100 sales came in between \$2 to \$3 million, with 57 over \$3 million and **19 sold for over \$5 million**. This does not mean the prices are up.

OVERALL REAL ESTATE CURRENTLY UNDER CONTRACT is not very positive. The number of **properties currently under contract is down 82%** when compared to the end of 2007. The dollar volume is also down 87% to \$109 million, yet the **median list price under contract** is \$3.55 million (**up 31%**), when compared to year-end 2007. Once again, the numbers indicate the lion's share of activity is over \$1 million.

CURRENT OVERALL AVAILABLE INVENTORY has **increased 36%** when compared the end of 2007, but has been steadily dropping since September 2008 (down 24%) to 528 overall listings. Note: This drop didn't come from sales, instead from frustrated seller's who took their property off the market, because they couldn't find a Buyer willing to pay their price. If you consider the average number of overall annual sales, in the last ten years, is 811 then we have about eight months of inventory. If those frustrated Seller's re-enter the market though, you could see a year's worth of inventory. Meanwhile, the overall **median listing price was down 8%** to \$1.649 million, and the overall average price of properties listed was \$2.699 million (down 23%). These downturns in the median and average asking prices are a true indicator of our **softening market** (seller's are motivated). The dollar volume of available properties, as of January 1st, was up 4% to \$1.422 billion when compared to this same time period in 2007.

*See below for the Overall market chart.

Overall Market



Single Family Home sales in 2008 also experienced the largest decrease in the **number of sales (down 48%)** in recent history. The dollar volume was \$319 million (down 52%) yet the average and median sale price both experienced gains, up 5% and 6% respectively. This doesn't mean values are on their way up though. It's due to **80% of all home sales in 2008 selling for over \$1 million**. Note: In 2007 there were 19 home sales for under \$600,000, with the least expensive being \$450,000. In 2008 there was only one home sale for under \$600,000 and it sold for \$553,500.

The single-family home hot spot. There was really no area in Jackson Hole that showed an increase in number of sales in 2008. The **Town of Jackson** saw the lowest decrease in the number of home sales (down 40%), and the average and median prices both showed an up-tick in values when compared to 2007.

The million dollar-plus segment of single-family homes also had a big drop in the **number of sales, down 50%** to 102 transactions. But, the average and median sale prices were both up, 5% and 6% respectively. We found 80% of these sales were between \$1 and \$3 million, 10% sold for between \$3 and \$5 million, and 11% sold for over \$5 million. Again this does not mean values are up.

Homes currently under contract: As of the year's-end, there were 16 homes under contract with an average listing price of \$4.12 million (up 18%) and a **median list price of \$4.35 million**. None were listed for under \$1 million, and the most expensive home under contract is listed for \$5.15 million.

Homes currently on the Market: There are currently 215 homes on the open market (up 67%) with an average list price of \$3.289 million and a **median list price of \$1.985 million**. Out of the 215 single-family homes currently on the market, 173 (or 80%) are listed for over \$1 million, and 36 (or 21%) of those are listed for over \$5 million.

Least expensive single-family home listing at year's-end: \$499,000. This buys a two bedroom, one bath 1,008 sq. ft. home in Hoback Jct. (only eight houses in the entire valley were available for sale at under \$600k, at year's-end).

Most expensive listing at year's-end: almost \$30 million - a private estate south of Wilson with over 11,000 square feet of living space with direct Teton views, on four parcels totaling 33+ acres and bordering national forest.

For a more thorough understanding of this segment of our market please call Devon or David at 800-735-8385 x111, locally 307-733-3436 or email – david@jhre.net

Home Average and Median Sale Price of Homes sold in 2008 by Area:

1. **Jackson Hole Mountain Resort (Teton Village)** – 0 – Yes that's correct, no home sales in 2008. The last sale of a single-family home in Teton Village was December 17, 2007.

2. **Jackson Hole Racquet Club (The Aspens)** - 4 homes sold, average sale price of \$1.475 million. The most expensive sale was just under \$2.225 million.

2a. **Teton Pines** - 11 homes sold, average sale price of \$3.287 million and a median sale of price \$2.7 million. The most expensive sale was \$7.9 million.

3. **Westbank, North of Wilson (excluding resort areas)** - 17 homes sold, average sale price of \$3.472 million and a median sale price of \$1.85 million. The most expensive sale was \$13 million.

4. **Westbank, South of Wilson** - 8 homes sold, average sale price of \$3.95 million and a median sale price of \$2.155 million. The most expensive sale was \$15 million.

5. **Skyline Ranch, N. of Hwy. 22 to Sagebrush Dr./W. of Spring Gulch** - 17 homes sold, average sale price of \$1.997 million and a median sale price of \$1.3 million. The most expensive sale was \$7.5 million.

6. **North of Jackson, S. of Gros Ventre Junction and E. of Spring Gulch** - 3 homes sold, average sale price of \$2.291 million. The most expensive sale was \$2.9 million.

7. **North of Gros Ventre Junction/Kelly/Moran** -8 homes sold, average sale price of \$2.991 million and a median sale price of \$2 million. The most expensive sale was \$5.85 million.

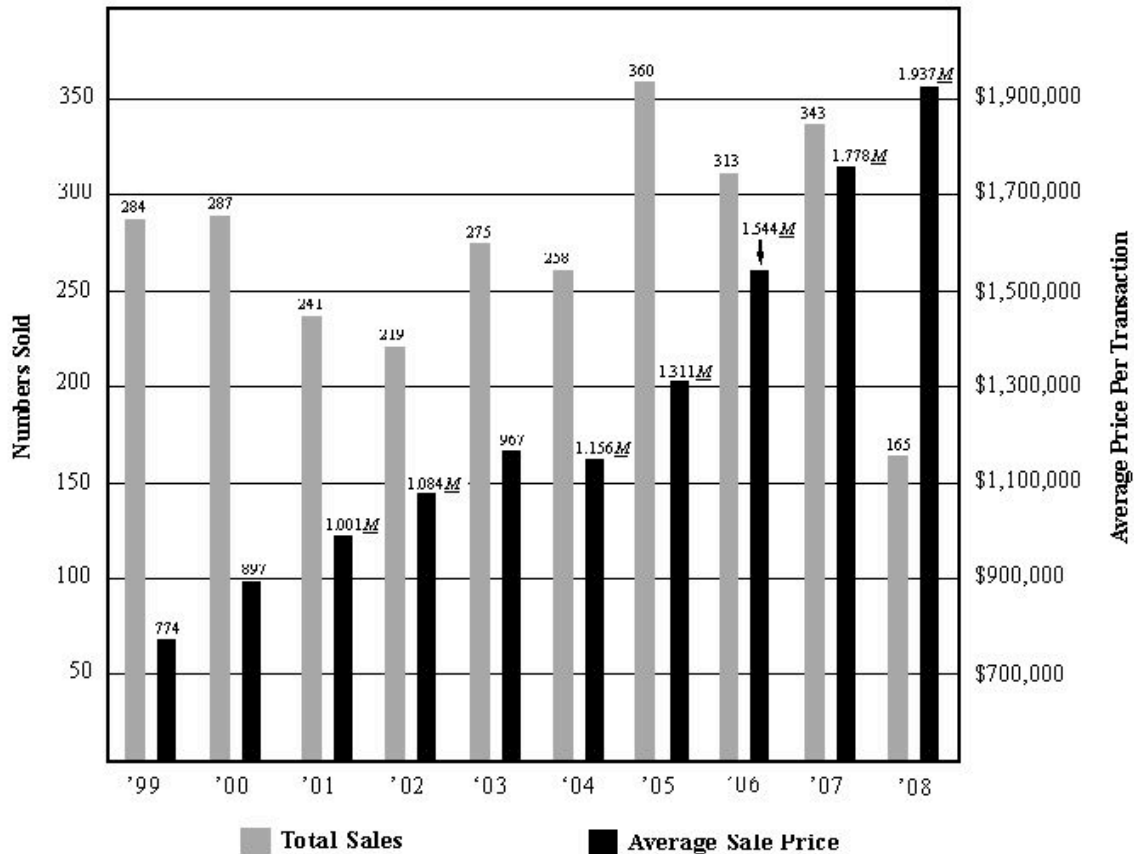
8. **Town of Jackson** - 59 homes sold, average sale price of \$1.144 million and a median sale price of \$875k. The most expensive sale was \$3.5 million.

9. **South of Jackson to the Snake River Bridge** - 32 homes sold, average sale price of \$1.597 million and a median sale price of \$1.1 million. The most expensive sale was \$10+ million.

10. **South of the Snake River Bridge to County Line** – 7 homes sold, average sale price of \$1.08 million and a median sale price of \$920k. The most expensive sale was \$1.78 million.

*See below for the Single-family chart:

Single Family Home Sales



Condo/Townhouse - This segment of the market also experienced a huge drop in the **number of sales (down 38%)**, but not because of the lack of inventory. In-fact inventory levels are up again for the second year in a row (up 73%). In contrast the **average sale price rose 43%** and the **median sale price was up 28%** to \$725,000. This is due to the lack of sales under \$500,000 (down 60%). Note: 85% of all sales activity happened before September 1st, 2008. The balance of the year was very slow, in number of sales, but the average sale price continued to climb another 6% during this period. Again, this does not mean the prices are going up, it simply means most sales were in the upper-end of the market, thus pushing the average and median prices up.

Hot Spot In The Valley: Teton Village experienced another strong year, although 80% of the sales occurred before June. The number of sales increased 115%, the **average sale price was up 10%** and the **median sale price was up 38%** to \$1.35 million. Other areas worth mentioning were the Town of Jackson, where median sale prices increased 11% to \$623k and the Jackson Hole Golf & Tennis area, where median sale prices increased 14% to \$685k. Again, this does not mean the prices are going up, it simply means most sales were in the upper-end of the market, thus pushing the average and median prices up.

Condo/Townhouse currently under contract - There were 10 condos under contract (down 79%) at year's end with an average listing price of \$1.78 million (up 9%). The median list price of condos currently under contract is also up 9% to \$1.9 million. Note: only one condo was under contract for under \$1 million.

Current available inventory for sale continues to increase (**up 73%**), but the average and median list prices don't seem to be very affected by this increase, only down 6% and 1% respectively when compared to 2007. You would think a **90% increase in available condos**

under \$500,000 would pull the average and median prices down further. What countered the move though was a 115% increase in inventory over \$1 million, and a 157% increase over \$2 million. List prices, despite increased pressure from oversupply, are not going down. This is due in part to the Seller's unwillingness to give away their cherished equity.

Least expensive listing at year's end: \$299,000 (up 20% from 2008) – a 2-bedroom, 1 bath condo with 755 sq. ft. in the Hillside Business Complex (South of Jackson).

Most expensive sale at year's end: \$4.5 million - a 4-bedroom, 4.5-bath condo with 4,384 sq. ft. at Teton Village (ski-in / ski-out Granite Ridge Lodge).

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Condo Average and Median Sale Price Per Area:

1). Jackson Hole Mountain Resort (Teton Village) – 68 sold (up 15%) with an average sale price of \$1.81 million (up 10%) and a **median sale price** of \$1.35 million (**up 38%**). The most expensive sale was \$4.5 million.

2). Jackson Hole Racquet Club (The Aspens) - 14 sold (down 59%) with an average sale price of \$734k (up 21%) and a **median sale price** of \$695,000 (**up 24%**). The most expensive sale was \$1.2 million.

3). Teton Pines - 2 sold for \$1,435,000 and \$1,475,000.

4). Town of Jackson - 61 sold (down 56%) with an average sale price of 623,000 (up 12%), a median sale price of \$500,000. The most expensive sale was \$1.76 million.

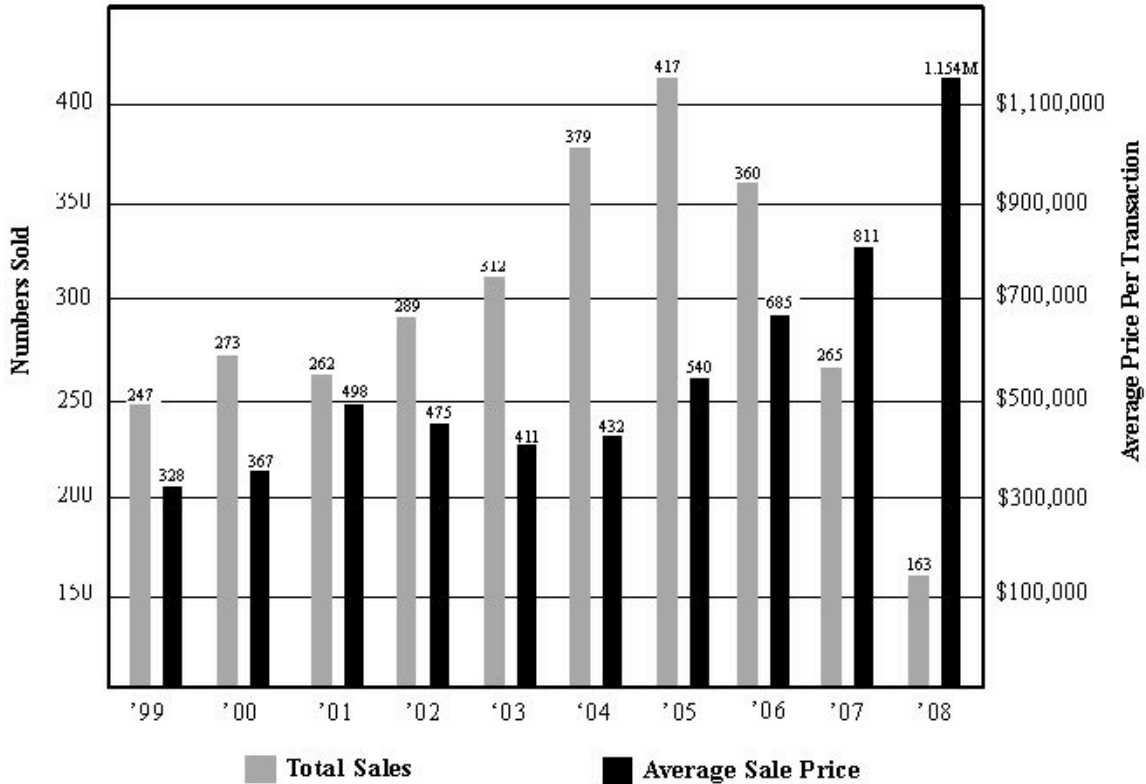
5). Jackson Hole Golf & Tennis - 5 sold (down 55%) with an average sale price of 740k (up 17%) and a median sale price of \$685k (up 14%). The most expensive sale was \$685,000.

6). Rafter J Ranch – 10 sold with an average sale price of \$544k and a median sale price of \$580k (up 7%). The most expensive sale was \$580,000.

7). Spring Creek Resort – 3 sold with an average sale price of \$1.388 million and a median sale price of \$1.529 million. The most expensive was \$2.4 million.

*See below for the Condo/Townhouse chart:

Condo / Townhome Sales



Residential Vacant Land – This portion of the market was clearly a **Buyer’s Market in 2008**. When compared to 2007, the **number of lots sold was down 75%** to 54 transactions. While the dollar volume was down 75% to \$101 million, the average sale price was up 2% to \$1.88 million and the **median sale price was up 9%** to \$1.485 million. Again, this does not mean the prices are going up, it simply means most sales were in the upper-end of the market, thus pushing the average and median prices up.

The million dollar-plus segment of single-family residential lots showed signs of softening in 2008. The **number of sales and dollar volume** were both **down 75%**. It is important to also note that 13 lots sold for more than \$3 million, and 3 lots sold for over \$5 million.

Areas with the most activity were South of Wilson and South of Jackson. All the lots in south Wilson sold before July. Most of the lots in the South of Jackson sold before August.

Available vacant lot listings: Available inventory has decreased, down 4% to 127 single-family home sites. The average listing price was down 7% to \$2.77 million, as was the median listing price, down 9% to \$1.575 million. **Bargains on residential vacant lots** can still be found south of Jackson in the Game/Squaw Creek area and in Moran, thirty miles north of Jackson. **Note:** In 1996 there were 540 available lots versus 127 as of January 1st, 2009.

Least expensive lot listing at year’s-end: \$395,000 for a 0.21-acre with canyon views and mature trees in Hoback Jct.

Most expensive lot listing at year’s end: \$13.9 million for a 56-acre parcel within the Bar B C Ranch.

Lots currently under contract – There are only 2 lots under contract, both over \$1 million. Last year there were 77 under contract the first week of January.

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Average and Median Sale Price Per Area:

1. Jackson Hole Mountain Resort (Teton Village) - 6 lots sold with an average sale price of \$3.43 million (up 16%) and a median sale price of \$3.2 million (up 8%). The most expensive sale was \$4.05 million.

2. Jackson Hole Racquet Club and Teton Pines – 1 sold in Teton Pines for \$1,047,500.

3. Westbank, North of Wilson (excluding resort areas) - 12 lots sold with an average sale price of \$1.755 million and a median sale price of \$1.2 million. The most expensive sale was \$3.125 million.

4. Westbank, South of Wilson - 4 lots sold with an average sale price of \$1.277 million and a median sale price of \$1.25 million. The most expensive sale was 1.8 million.

5. Skyline Ranch, N. of Hwy. 22 to Sagebrush Dr./W. of Spring Gulch - 1 lot sold for \$950,000.

6. North of Jackson, S. of Gros Ventre Junction and E. of Spring Gulch - 3 lots sold with an average sale price of \$1.733 million and a median sale price of \$1.75 million (up 9%). The most expensive sale was \$1.95 million.

7. North of Gros Ventre Junction/Kelly/Moran - 4 lots sold with an average sale price of \$1.266 million and a median sale price of \$990,00. The most expensive sale was \$2.15 million.

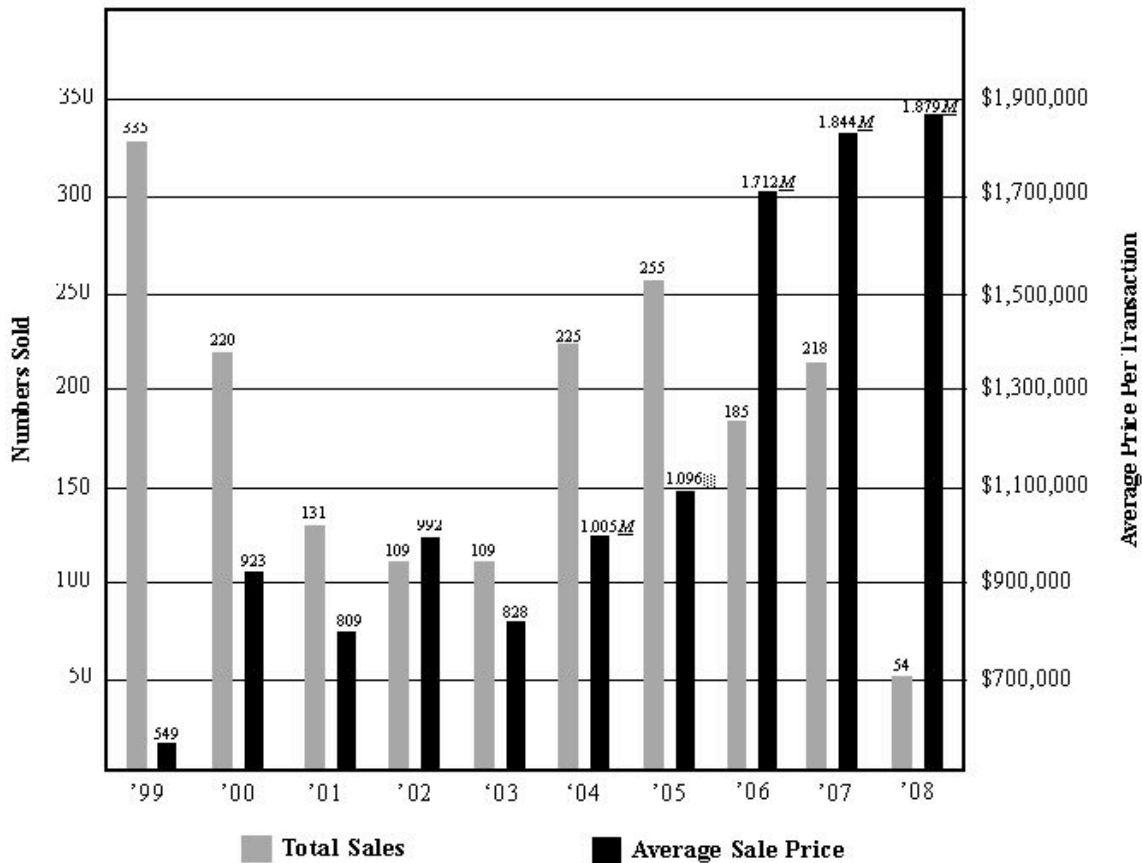
8. Town of Jackson - 8 lots sold with an average sale price of \$971,812 and a **median sale price** of \$687k (**up 25%**). The most expensive sale was \$1.84 million.

9. South of Jackson to the Snake River Bridge - 13 lots sold with an average sale price of \$2.234 million and a **median sale price** of \$1.315 million (**up 25%**). The most expensive sale was \$6 million.

10. South of the Snake River Bridge to Co. Line - 2 lots sold with an average sale price of \$1.45 million. The most expensive sale was \$1.6 million.

*See below for the Residential vacant land chart:

Residential Vacant Land Sales



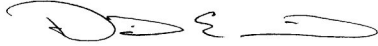
Jackson Hole Real Estate & Appraisal, LLC is changing: While other real estate companies are scaling back, or closing their doors all together, we are repositioning ourselves in the local market to better serve our clients. Exciting changes are coming soon....

Want to stay on top of the market? Devon and I offer several services to help Sellers and Buyers alike. From daily email updates on what just hit the market to quarterly email reports, we can keep you well informed. We also offer free market analysis and quarterly updates on individual properties in Jackson Hole and the surrounding areas. To stay on top of this crazy and fast spaced market, or for a professional Realtor to represent you in your next real estate transaction, call or email us at one of the numbers below. You can also write to P.O. Box 7436, Jackson, WY 83002, Attn: David Viehman.

Jackson Hole Real Estate & Appraisal, LLC has served the Jackson Hole community for forty-one years. With a team of 33+ agents and support staff, a powerful database that leverages information for our clients, and the daily tracking of every single real estate transaction in Jackson Hole, this simple fact remains: **“We Know The Market Better Than Anyone.”** If you are thinking of buying or selling property, and you need the help of a Realtor or Appraiser, you owe it to yourself to talk to us at Jackson Hole Real Estate & Appraisal. Our clients’ best interests are always paramount!

We hope this report will give you some sense of market trends. As always, we are glad to discuss them further with you. This newsletter does not go into detail on every segment of the market, but is intended to offer an overview of general market conditions, showing year to-year changes in number of transactions and average sale prices. For a more complete analysis go to the web site listed below. The value of any individual property may, and probably will, vary from the average indicated in these graphs.

Sincerely,



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*While other local Real Estate Brokerages attempt to report on the local real estate market, Jackson Hole Real Estate & Appraisal, LLC is the only company to track every single transaction. Therefore, if you want the most accurate information to help guide you through your next real estate transaction, call us today. **"We are the Experts"**.

*All statistics are supplied by sources that have been deemed reliable but are not guaranteed.

*All statistics quoted in this newsletter are based on sales in the first six months of 2007 compared to the first six months of 2008.

*Median sale price is the cost of a property that has an equal number of sales above and below it on the price scale.

*Average sale price is the total combined dollar volume divided by the number of sales.

*The word "Overall" in this newsletter refers to all sales in Teton County combined (homes, lots, condos, commercial and ranch).

*The term "Market Value" means; the value of a property in terms of what it can be sold for on the open market; current value.

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