

THE HOLE REPORT



Jackson Hole has a Housing Crisis!

WELCOME TO THE MOST TRUSTED REAL ESTATE NEWS SOURCE IN JACKSON HOLE, PUBLISHED SEMI-ANNUALLY TO KEEP ALL OF TETON COUNTY WELL INFORMED ON OUR LOCAL MARKET.

DATA DRIVEN REPORT FOR FIRST SIX MONTHS OF 2007:

If you've recently been looking for a single-family home in Jackson Hole, for under \$1 million dollars, then you will agree this valley has a real Housing Crisis. This is not an "affordable housing" crisis though, it's a "Free-market Housing Crisis". See page two of this report for the entire story.

The overall market had the **second best showing, for number of sales**, in over twenty years with 464 transactions in the first six months of 2007. But the **sales dollar volume** stole the show with a **30% increase** to \$826 million and a healthy increase in the average overall sale price, up 28%. Much of this increase came from the commercial side of the market where several multi-million dollar lodging facilities and/or land changed hands in the first six months of 2007. The **\$3+ million segment** experienced a huge jump in the number of sales, **up 76%**. But, the \$5 million+ segment... go to www.jacksonholereport.com

Overall available inventory continues its downward trend with **11% fewer properties available**. This lack of inventory continues to push the asking prices into a whole new realm. As of July 1, there were 295 properties listed for over \$1 million (80% of the currently available inventory). Of those, 118 were listed for over \$3 million, **66 for over \$5 million**, 33 for over \$10 million and believe it or not... see www.jacksonholereport.com

Overall properties under contract also had a great showing in **number of Buyers, up 37%** from the same period in 2006. The dollar volume under contract wasn't far behind with an increase of 32%. The strongest showing in the market is the **\$1+ million and the \$3+ million segment**, where the number of properties under contract is **up 84% and 133% respectively**.

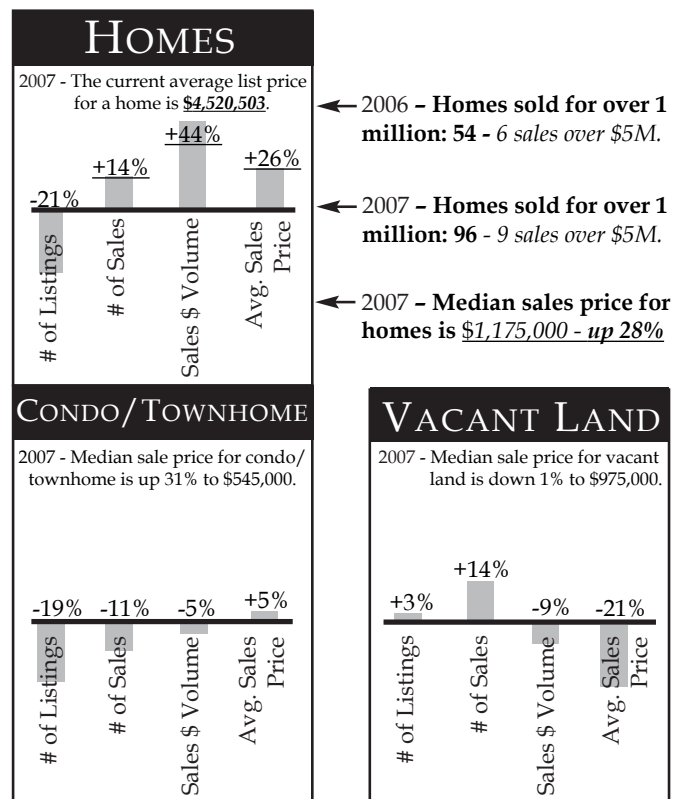
We hope this report will give you a snapshot of market trends and, as always, we would be glad to discuss them further with you. This report does not go into detail on every segment of the market, but is intended to offer an overview of general market conditions, changes in number of transactions, and average sales prices. The values of individual properties will most likely vary from the averages indicated in these graphs.

If you would like a more detailed analysis of specific areas, back issues of *The Hole Report*, or are in need of our services, please email or call one of the numbers below or write to P. O. Box 7436 - Jackson Hole, WY 83002 - Attn: David Viehman.

Sincerely,

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Jackson Hole Real Estate Activity January - June 2006 vs. January - June 2007



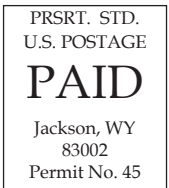
Homes - The total number of single-family home sales was up 14%, while the **dollar volume spent** on homes was way up, (**44%**) when compared to 2006. The lack of low-end inventory boosted the **median sale price, up 28%** when compared to the first six months of 2006. Meanwhile, available single-family home inventory fell 21%, yet the **median asking price advanced 19%** to \$2,495,000. The number of homes and the median asking price under contract are both up 16% and 14% respectively, still indicating plenty of Buyers out there. What does all this mean for the Sellers? Go to: www.jacksonholereport.com to find out what continues to drive our market.

Condo/Townhomes - The condo/townhome market has also experienced a slow down in the number of sales, down 11%, and the sales dollar volume, down 5%. And again, the **lack of low-end inventory boosted the median sale price by 31%** when compared to the first six months of 2006. Meanwhile **available condo inventory** continues to fall, **down 19%, pushing the median asking price up an unbelievable 69%** to \$990,000. For details go to our website.

Vacant Land - This segment of the market has experienced an increase in **number of sales, up 14%**, but the dollar volume was down 9%. Because of the continued lack of low-end available inventory, the median sale price remained unchanged (\$975,000). Meanwhile, **available vacant land inventory is down 16%**. With the lack of low-end lots for sale, the median asking price also remained relatively unchanged (\$1,600,000 or 1.5% lower than 2006). For details go to our website.



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Return Service Requested

JACKSON HOLE HOUSING CRISIS:

The following are just a few indicators:

- * The **median home sale price**, as of July 1, 2007, was \$1,175,000 or **28% higher** than 2006.
- * The **median home sale price** has **doubled since July 1, 2003** (\$542,500 in 2003)
- * The **median home sale price**, as reported in our first quarter emailed update, surpassed \$1 million a little over three months ago and **hasn't stopped climbing.**
- * Available single-family **home inventory fell 21%** in the first six months of 2007.
- * The **median asking price** for a single-family home, as of July 1, 2007 was \$2,495,000 or **19% higher** than in 2006.
- * The **least expensive home in the valley (\$545,000)** requires a 40-minute drive north of Town.
- * The **least expensive condo or townhome** anywhere in the valley is listed at **\$512,500 vs. \$205,000 in July 2006.**

WHY ARE WE IN A HOUSING CRISIS? Unlike many parts of the country, Jackson Hole's crisis comes from a **lack of inventory**. Many have long predicted Jackson Hole would one day run out of developable real estate, because of the limited privately held lands in JH (97% of Teton County is protected from future development). Well, the prediction has become the reality (*see Jackson Hole Reality Check at www.jacksonholereport.com*). Current available inventory is at a twenty year low, yet we just experienced the second highest number of sales ever, for the first six months of any given year in history.

While the housing crisis is for affordable free-market homes, the cause of the crisis can be partly blamed on our need for affordable, subsidized housing. Teton County recently hired a consulting firm to determine housing needs and to address the affordable mix needed in new developments. According to the study, our current affordable housing requirements need to be almost doubled. Factor in the **cost of vacant developable land, infrastructure cost, rising labor cost** and combine them with our **existing open space and density requirements** and something has to give.

IS THERE ANY RELIEF? The answer could be no; especially if our affordable housing and conservation groups continue to clash over density, the cost of large acreage continues to escalate, lawsuits created by the NIMBY (not in my back yard) affect continue to put up roadblocks and the planning process continues to take two years (pushing the cost to receive approval through the roof). **One has to wonder** if it's already too late?

IS THERE A SOLUTION? The market is crying out for new affordable "free market" housing or land to build a reasonably priced dream home. The following solutions are not popular but are about the only ones left:

The easiest solution might be to throw in the towel by putting the remaining large parcels into a conservation easement and tell the new homes buyers to **commute to Alpine or Victor/Driggs**. But then the problem becomes an issue of safety, additional mass transit and where to house key employees, who are required to live within 20 minutes of work. Worst of all, the bedroom communities then become self-staining and employees no longer are willing to commute thus putting an even greater strain on our employee shortage.

The smartest would be the "**HIGH DENSITY IN-FILL COMMUNITY SOLUTION**". Start by looking for areas where high-density and infrastructure is already in place, and then in-fill. Where schools and work places are close, and a sense of community can be created while preserving our western character and natural resources. Only a handful of large parcels remain that have the room to build such a community (including the town of Jackson). The cost to acquire these lands won't be cheap, but in these parcels lay the opportunity to control this crisis.

If the county officials decide to increase the affordable housing mix, they in-turn need to relax the density requirements. Then they need to work on uniting the various advocacy groups, so time isn't spent fighting the inevitable but instead in championing a better way to handle the increase of our local working class and to strengthen our social fabric.

RECEIVE THE HOLE REPORT BY EMAIL: If you would like to be emailed when the Hole Report is updated on the world-wide web (save a tree), just send your email address to: david@jhre.net or call us at 800-735-8385 x111, locally 734-9941.

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- * 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 2006 compared to the first six months of 2007.
- * 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).

If you are a property owner in Jackson Hole and would like a **FREE no-obligation market analysis** on the value of your real estate as it relates to the current market please call, write or email today. We will not only give you the competitive price range, but will also keep you updated every spring and fall thereafter. If you're not a Jackson Hole property owner but would like to **watch the local market via email**, need **current sales data** and a professional to help you make your first or next purchase, or would just like to be put on mailing/email list for the Hole Report please call, write or email us today!