



BUYER'S MARKET?

DATA-DRIVEN REPORT FOR THE FIRST SIX MONTHS OF 2008:

Have we moved into a Buyer's Market? The normal signs, inventory up and number of Buyers down, would indicate so. But, when you look at average and median sale and under contract prices, one could argue this is only partially true. In fact, the upper-end of our market is strong and will only get stronger as the summer progresses.

Have a look at the following indicators and see if they make sense to you:

- Number of **overall sales is down 43%** (only 261 sales since January 1st).
- Number of **overall available listings is up 57%** (583 available properties).
- Median home sale price, as of July 1, 2008, was \$1,200,000 or **2% higher than 2007**.
- Median home list price, as of July 1, 2008, was \$1,995,000 or **21% lower than 2007**.
- Median sale price of **single-family lots is up 68%** to \$1.6 million.
- Median sale price of **condo/townhouses is up 102%** to \$1.1 million.
- Total number of **properties under contract is down 22%** (only 109 properties currently under contract).
- Total dollar volume of properties under contract is up 9% (\$357 million total volume).
- **Average price** of overall properties **currently under contract is up 37%**.
- From June 1st thru July 15th of this year, 21% of all current listings have had price reductions.

MAKING SENSE OF IT ALL: While we would like to think our local real estate market is insulated from national or world events, the past 12 months have proven otherwise. The **mortgage crisis clearly has affected our local Buyers**, at least temporarily. Don't get me wrong; Local banks still have plenty of money to lend, and mortgage rates are still at historic lows. The only difference from last summer is the **lending guidelines have really tightened**, making the low down payment and low document loans almost impossible. Bridge loans (a temporary loan which allows Buyers to purchase their next property before selling their existing one) are also harder to obtain.

Since June 1st, 2008 we have seen 121 listings (**21% of all listings**) **reduce their asking prices**. This is unprecedented for Jackson Hole. Don't expect to find prices below market value though. If you read my 1st quarter emailed report, then you know that almost half of the then available inventory was overpriced as much as 30%. We are consider these recent price reductions as **a much needed market correction**. What you will find in today's market are **Sellers who are looking for offers and who are willing to negotiate**. They also want to take advantage of this summer's Buyer's Market, and are ready to deal.

On the other hand, our **upper-end Buyers don't seem to be as affected**, which is where 60% of the sales came from so far this year. Upper-end Buyers are usually older, have more expendable income, and are moving their cash from other investments into real estate. This allows their investment dollars to continue growing and at the same time the investor, along with their friends and family, can reap the benefits that come with investing and living in Jackson Hole.

WHERE IS THE BUYER'S MARKET? The **locals' segment** of our market has moved into a true Buyer's Market. This segment (under \$1 million) has taken a big hit, due mainly to the mortgage crisis. This is very evident when looking at the number of properties sold for **under \$1 million** in 2008, down 60%, and the number currently under contract, down 85%. Then, consider inventory levels under \$1 million are up 140%, for a total of 183 properties to choose from.

Don't expect this Buyer's market to last long. As mentioned above, it's tied mostly to the mortgage crisis, which in turn has instilled a lack of confidence in our local Buyers. With many Sellers reducing their properties' price tag to market value, and with local banks still willing to finance credit worthy borrowers, expect to see a big increase in sales soon. NOTE: **You don't know when real estate will be at bottom until it's too late.** If you see a condo, home or vacant parcel you really love, go for it. With inventory high and mortgage rates low, there couldn't be a better time to get into the market or to trade up to your next JH property.

A big plus for local Buyers; jumbo loan amounts have increased in our region. This means you can now borrow up to \$693,500 and still be considered low risk. The end result is increased buying power for locals!

Don't wait for the lending guidelines to ease, as that could be way down the road. If you see something you really like, **BUY IT THIS SUMMER!**

THE OVERALL MARKET has been sluggish at best. Number of sales was down 43%, **dollar volume** was down **46%** and the average overall sale price is down 3.5%. Much of the down turn has been in the under \$1 million segment (local's market) where the mortgage crisis has really been felt. The upper-end of our market (\$2+ million) has also seen a slow down in number of sales but the average and median sale prices for upper-end lots and condos are up considerably.

OVERALL AVAILABLE INVENTORY: For the first time in four years, inventory levels are up - way up! Properties for sale have flooded the market this spring, **up 57%** when compared to July 1, 2007. Half the increase is listed for under \$1 million, indicating a local Buyer's Market. NOTE: inventory levels are still at historic lows. As of July 1, 2008, here's how the available inventory stacks up:

- 183 listings under \$1 million
- 74 listings between \$3 to \$5 million
- 182 listings between \$1 to \$2 million
- 42 listings between \$5 to \$10 million

- 78 listings between \$2 to \$3 million
- 24 listings over \$10 million

OVERALL PROPERTIES UNDER CONTRACT are indicating a **Buyer's market may be short lived**. While the number of Buyers under \$1 million is almost non-existent (down 83%), the dollar volume under contract is up 9% to over \$357 million. It's the upper end that's propping up our current market, and the higher the you go, the better it gets. The \$1 to \$3 million price range has 25% more properties under contract; \$3 to \$5 million has 43% more properties under contract; and **the \$5+ million price range has 63% more properties under contract**, when compared to July 1, 2007. **NOTE:** Historically, we see more sales activity in the last six months of the year. Thus, expect a surge in the number of properties under contract as the high demand fall selling season approaches.

If you're not in the Jackson Hole market today, do whatever it takes to purchase at least an entry-level condo tomorrow. If your parents can help, make them a partner in the investment. Otherwise, form a partnership, with one or more friends, or do whatever it takes to get started.

If you are fortunate enough to already own real estate in this market, then trade up to the next level. **Example:** Sell your small condo and buy a small single-family home; sell your small single-family home and buy a larger home; sell your larger home and buy a home with acreage, etc. In fact, keep trading up until you're ready to retire, as there's no better retirement plan than real estate. It is the only long-term investment you can actually use, improve and enjoy all at the same time.

NOTE: If you want to trade up now, you have to set a realistic or just-below market price on the property you are selling.

FYI: Jackson Hole real estate has experienced a 100% increase in real estate values over the last five years. But, don't expect it to increase at 20% per year. Some years are flat or below 5% and other years as high as 40%. If you are looking to make a quick buck in the current market, keep looking. Real Estate Shoppers in our current market should anticipate holding the property for at least three to five years.

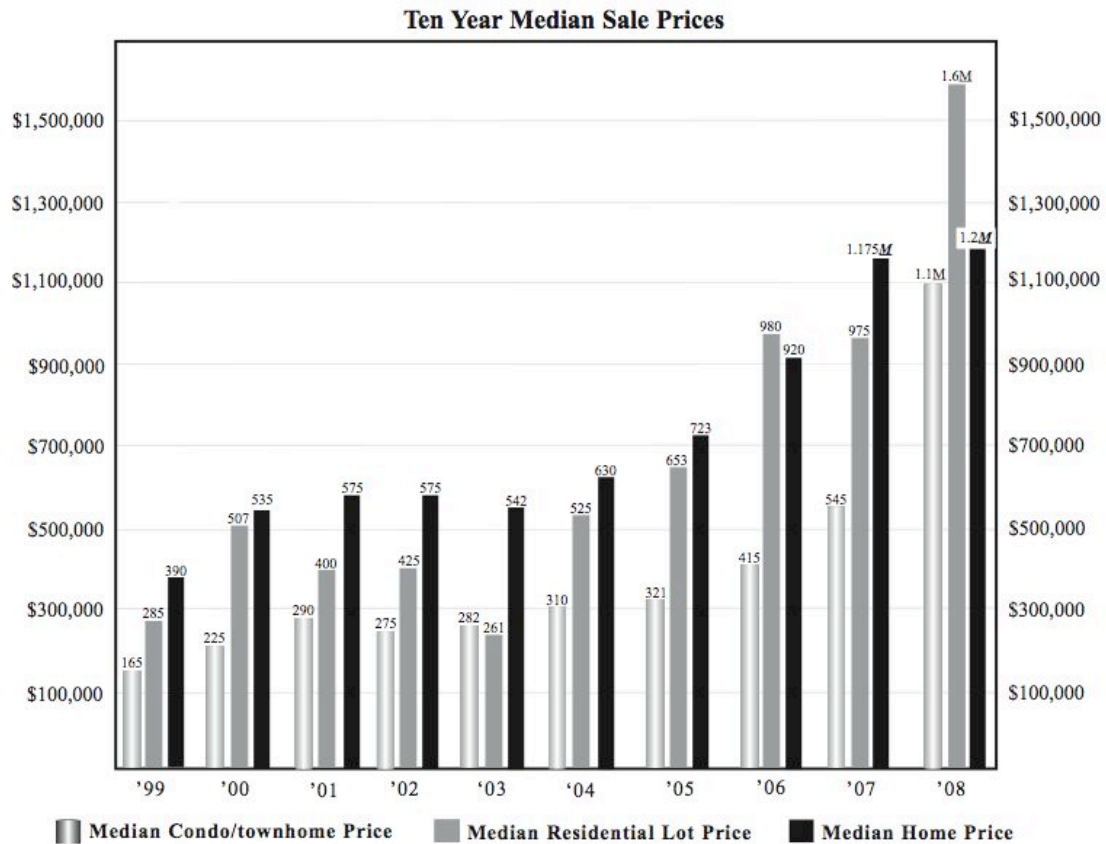
JACKSON HOLE REALITY CHECK:

The least expensive single-family home, currently on the market in Jackson Hole, is in the Town of Jackson for \$635,000. This buys you a 1,100 sq. ft. home on .116 acres built in 1978. **The least expensive home price is up 17%** from the same period last year.

The least expensive single-family residential vacant lot, currently on the market in Jackson Hole, is south of town close to Hoback Jct. for \$395,000. **NOTE:** The median listing price for a vacant residential lot is \$1.65 million.

The median sales price for a single-family home in the first six months of 2008 was \$1,200,000. This sets a **new record for Jackson Hole**, and there's a good chance it will climb higher by year's end.

There are 199 homes currently listed for sale over \$1 million. They break down as follows: 83 for between \$1 and \$2 million; 42 for \$2 and \$3 million; 35 for between \$3 and \$5 million; 24 for between \$5 and \$10 million; 11 for between \$10 and \$20 million; and 4 for over \$20 million.



SHOPPING FOR REAL ESTATE ON-LINE? Did you know the most effective way to find and/or advertise real estate is on the web? The National Association of Realtors (NAR) recently stated that **over 70% of all Buyers start their search on the web!** If your property is not properly exposed to this media then you're missing a crucial avenue for exposing your property to potential buyers.

Come visit our brand new website, www.jhre.net and compare it with all other real estate companies in JH. You'll find without a doubt, whether buying or selling, we can get the job done better.

We offer **Google mapping of all listings** in our region, easy to navigate searches, tons of photos and additional information, **shopping cart features** (save your favorite listings or email them to your friends and family), **automatic daily emails**, on-line chats and every high-tech feature currently available for real estate websites. You can also **surf all available properties** on your own, without having to provide your contact information. Sign up today for daily emails and **receive the hottest listing first!**

WHERE ARE THE BUYERS COMING FROM?

In 2007 Jackson Hole recorded 899 deeded real estate transactions. Here's where the Buyers came from:

Jackson Hole locals: 597 (66% of all Buyers)

Northeast: 103 (Connecticut recording the most Buyers for Northeast states)

West Coast: 60 (California recording the most Buyers for West Coast states)

Mid-West: 85 (Texas recording the most Buyers for Mid-West states)

Western Mountain States: 45 (excluding Jackson Hole – Wyoming recording the most Buyers)

South: 50 (Florida recording the most Buyers from the Southern states)

Outside of the United States: 10

SINGLE FAMILY HOMES

The total number of **single-family home sales** had a poor showing the first six months of 2008, **down 54%**. The dollar volume spent on homes was also down 54%, affirming a real Buyer's market. Despite this downturn, the **median sale price** is still climbing, **up 2%** to \$1,200,000, while the average sale price remained unchanged when compared to the first six months of 2007. The upper end of the housing market, homes priced at \$2+ million, also showed signs of softening in total sales with only 19 recorded sales in the first six months of 2008. **Note:** Of the 77 overall homes sold, 58% of them sold for over \$1 million. Of those 45 homes, 8 sold for over \$3 million and 4 sold for over \$5 million.

THE NUMBER OF HOMES UNDER CONTRACT re-affirms a Buyer's market. The number of single-family **homes under contract** is **down 36%**, but the **average price up 133%** and the **median price is up 306%**. **Note:** the average and median under contract prices are up because only 9% of the homes, currently under contract, are priced under \$1 million. As mentioned earlier, the upper-end is where you will find plenty of activity.

AVAILABLE SINGLE-FAMILY HOME INVENTORY is up, for the first time in two years, by **57%**; dropping the median asking price 21% to \$1,995,000. The **average asking price** is also **down 23%** to \$3,474,705 despite the overall dollar volume of available inventory being up 21%, to over \$837 million. This increase in dollar volume is due mostly to the number of expensive homes available. **Note:** There are currently 116 homes for sale at over \$2 million. **NOTE:** You don't know when real estate will be at bottom until it's too late. If you see a home you really love, go for it. With inventory high and mortgage rates low, there couldn't be a better time to buy!

THE LEAST EXPENSIVE HOME ON THE MARKET, at this time, is \$635,000 in the Town of Jackson. This buys you a 1,100 sq. ft. home built in 1978 on .116 acres.

THE MOST EXPENSIVE HOME ON THE MARKET, at this time, is \$29.5 million. This buys you 10,000 sq. ft. home and guesthouse, all situated on 4 private acres on the Snake River, north of Jackson.

If there is a soft spot in the housing market it would be \$1 to \$2 million, where the number of available single-family homes (83 homes) makes up 34% of the available home inventory.

CONDO / TOWNHOUSE

The condo/townhouse market is still experiencing a slow down in the **number of sales, down 26%**, yet the dollar volume is up 26%. Then consider **the median and average sale price**, as of July 1st, **were up 70% and 102%** respectively and the under contract numbers (see below) are also way up. One has to wonder if the Buyer's Market will last long, in this segment.

CONDO/TOWNHOMES UNDER CONTRACT is experiencing an increase, with the number of listings under contract **up 38%**. The **dollar volume** for condos under contract is **up 231%**, the average asking price is up 140%, and the **median asking price is up an amazing 212%**, when compared to July 1, 2007. **Note:** With this kind of activity, in the condo/townhome segment, don't expect this Buyer's Market to last long.

AVAILABLE CONDO/TOWNHOME INVENTORY is saturated, with a **216% increase** when compared to the same time period in 2007. The **average and median asking prices** have both experienced a drop, **down 21% and 27%** respectively. The overall dollar volume for available condo/townhomes in turn increased, up 148% to over \$169 million. **NOTE:** You don't know when real estate will be at bottom until it's too late. If you see a condo you really love, go for it. With inventory high and mortgage rates low, there couldn't be a better time to buy!

THE LEAST EXPENSIVE CONDO ON THE MARKET is \$350,000 vs. \$512,500 last year at this time. Actually there are three condos currently vying for this spot. One is a 1-bedroom with 590 sq. ft. in east Jackson, another is a 2-bedroom with 800 sq. ft. (south of town in a business complex), and the last is a two bedroom with 797 sq. ft. on Kelly Avenue in the Town of Jackson. None have garages or back yards. **Note:** This segment has also moved into a Buyer's Market.

THE MOST EXPENSIVE CONDO ON THE MARKET is \$4.695 million. This buys you a 3,343 sq. ft. luxury 3-bedroom and 5-bath residence in the Four Season Hotel & Spa at Teton Village.

RESIDENTIAL VACANT LAND

VACANT LOTS: While the number of sales had a very poor showing, down 65%, the average and median sale prices soared, up 68% and 64% respectively. This is because 14 of the 36 sales were over \$2 million. **NOTE:** only 12 sales were under \$1 million, versus 52 in 2007. This is due to the lack of affordably priced lots. Currently, only 18% of all available single-family lots are listed below \$1 million.

The upper-end of the vacant residential land market, sales of parcels over \$1 million, also experienced big slow down with 54% less number of sales. But, out of the 36 lot sales in the first six months of 2008, two-thirds were over \$1 million.

LOTS UNDER CONTRACT also had a weak showing so far this year with 27% less lots under contract, when compared to July 1, 2007. All but one lot, of the 40 under contract, is priced at under \$1 million. The average asking price, for lots under contract, is down 2% and the median asking price is down 10% to \$2,500,000. FYI:

the median list price, of lots under contract, is also double what it was in 2006.

AVAILABLE LOT INVENTORY saw a modest increase of 11%, as of July 1, 2007. With the lack of low-end lots for sale, the median asking price for a single-family residential lot remains strong at \$1,650,000, as does the average asking price of \$2,623,922. **NOTE:** You don't know when real estate will be at bottom until it's too late. If you see a lot you really love, go for it. With inventory high and mortgage rates low, there couldn't be a better time to buy!

THE LEAST EXPENSIVE SINGLE-FAMILY RESIDENTIAL VACANT LOT, currently on the market in Jackson Hole, is south of town close to Hoback Jct. for \$395,000.

NOTE: The median listing price for a vacant residential lot is \$1.65 million.

THE MOST EXPENSIVE LOT FOR SALE, at this time, is \$25.5 million. This will buy you 72-acres (comes in two 36 acre parcels but sold together) north of Jackson and on the Snake River, with privacy, lots of trees, and big views of the Tetons.

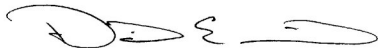
NOTE: There is only one Jackson Hole. Furthermore, 99% of Teton County's 4 million acres are already developed or protected (97% of Teton County is public lands), and they are not making any more.

We hope this report has given 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.

Want to stay on top of this fast paced 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 call or email us at one of the numbers below.

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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*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.