



THE PERFECT BUYERS' MARKET!

DATA-DRIVEN REPORT FOR THE FIRST SIX MONTHS OF 2009:

The Perfect Buyers' Market: Conventional wisdom would say the Perfect Buyers' Market occurs right after the market bottoms out. The problem with this scenario is three fold. One, it takes six months after the market truly hits bottom to actually verify. Two, once the market truly hits bottom Sellers lose their motivation and start raising their price, trying to recapture all the equity they can. Three, every other Buyer starts bidding.

Contrary to popular belief the following is what actually makes the Perfect Buyers' Market. NOTE: The Jackson Hole real estate market has never seen all of the following components at the same time:

- **Demand is at an all-time low:** The number of overall sales is down 73% when compared to the same period in 2008. In fact, the last time Jackson Hole recorded so few sales, in the first six months of the year, was back in 1984.
- **Interest Rates are at an all-time low:** The interest rates being offered today haven't been this low since the late 1960's. While lending guidelines have tightened in the past 18 months, there are excellent loan opportunities for Buyers with good credit. In fact, first time home buyers can work with the FHA or VA to qualify for low down payments and may qualify for as much as an \$8,000 tax credit. **Jumbo loan limits are higher in Jackson Hole.** This means you can now borrow up to \$693,750 and still be considered low risk. The end result with low interest rates and higher limits; increased buying power for locals!
- **Inventory levels are high:** Jackson Hole inventory is up 42% when compared to the same period in 2008. Look back just two years though, to 2007, and the current inventory is up 123% (371 versus 827 properties on the market). In fact, the last time inventory levels were this high was back in 1999.
- **Motivated Sellers:** (Any seller with a strong incentive to make a deal): While it's impossible to guess just how many motivated Sellers there are, one thing is for sure, the number is growing. Some need to sell to survive the recession; some want to take advantage of another real estate market, where properties are being sold for way below replacement cost; others need to sell for personal or family reasons.
- **Property values have dropped to 2004-05 levels:** While a large percentage of the current inventory is still priced close to the all-time high (fall 2007), the **properties selling are priced at 2004-05 levels.** NOTE: Jackson Hole has not seen an across the board reduction in real estate prices since 1985.

According to Christie's Great Estates, savvy buyers are recognizing opportunities in this challenging economic climate by acquiring real estate while prices are at historic lows and inventories are high. "I believe people will look back on 2009 and regret not buying real estate," says Kay Coughlin, President & CEO. "Trophy estates are being offered for sale, some of which have not been on the market for generations. Prevailing economic forces are creating a value proposition for qualified homebuyers that will not be available for long."

First time homebuyers: There has never been such a **Perfect Buyers' Market** for first time homebuyers. Low interest rates, increasing inventory of affordable housing, motivated Sellers and an **\$8,000 tax credit.** If you can't afford the down payment ask your parents to help, or make them a partner in the investment. You can also form a partnership with one or more friends. The bottom line is doing whatever is needed to take advantage of this Perfect Buyers' Market.

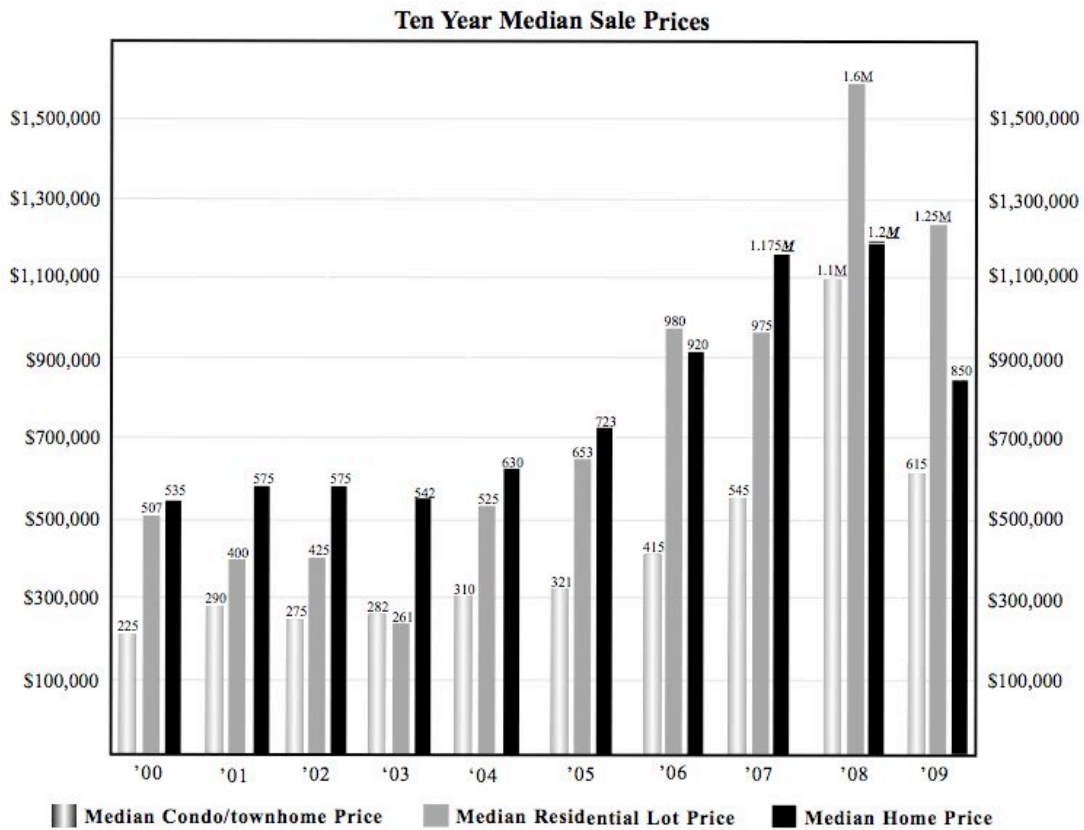
THE OVERALL MARKET has been hit hard by the national recession. **Number of sales** and dollar volume are both **down 73%** when compared to July 1, 2008. Looking back just two years to 2007, the number of sales is down 85% when compared to 2009. The hardest hit by this downturn is the under \$1

million segment (local's market) where the mortgage crisis and national recession have really been felt. The upper end market has also seen a huge slow down, though recent showing activity has increased.

OVERALL AVAILABLE INVENTORY continues to climb, **up 42%** when compared to July 1, 2008. Looking back just two years to 2007, the overall inventory is up 123% (371 vs. 827) when compared to 2009. This dramatic increase in inventory can be directly associated to the national recession and is helping to fuel the Perfect Buyers' Market. The largest increase in inventory is the \$1 to \$2 million-price range. **NOTE:** According to the National Association of Realtors (NAR) the average amount of available **inventory nationwide is 9.7% versus 6.9%** of the total **inventory in Jackson Hole**, as of July 1, 2009.

OVERALL PROPERTIES UNDER CONTRACT is also lending credence to the Perfect Buyers' Market. The number of properties under contract is **down 53%**, the dollar volume under contract is down 71%, and the average list price under contract is down 37%. The upper end market is also experiencing a downturn. The \$1 to \$3 million price range has 36% fewer properties under contract; \$3 to \$5 million has 85% fewer properties under contract; and the \$5+ million price range has 70% fewer properties under contract, when compared to July 1, 2008. **NOTE:** Historically, we see more upper end sales activity between August and October.

"Face reality as it is, not as it was or as you wish it to be." Jack Welch.



From the Appraisal Department: Over the past year, the appraisal business has also been greatly affected by the downturn in the national economy. The biggest change has been the Home Valuation Code of Conduct (HVCC), which was pushed through congress largely by the efforts of New York Attorney General Andrew Cuomo as part of a lawsuit with then Washington Mutual. The new law prohibits real estate agents or mortgage brokers from hiring appraisers directly. The lenders can use an inhouse appraiser or can outsource to an appraisal management company to engage appraisers for assignments. This law wants to break relationships between lenders and appraisers as some feel these relationships became too friendly and some appraisers would sign off on inflated valuations just to keep the relationship

and thereby more business. So, what do these changes mean to appraisal customers? In terms of valuations, nothing: the market is what the market is, but with a middle man in the mix it most likely will mean higher appraisal fees and longer process times.

In terms of local market valuations, the biggest difficulty appraisers encounter is the lack of applicable data (or recent sales). With the number of sales way down there is less data out there for appraisers to extract information. Therefore, the appraisers are going back in time or out of the neighborhood to find data. This can cause excessive adjustments which underwriters and banks dislike. So even if a value may justify a sale price the banks still may not be willing to lend on the property because the adjustments exceed an indicated amount, the comparable sales are not located within a specified distance of a subject property, or the sale may have occurred beyond a specified time period.

In the end, it continues to be a bumpy ride for the appraisers and lenders alike.

The one thing that appraisal customers can rely on, is that the staff at Jackson Hole Real Estate Associates has the knowledge and experience for all your valuation needs during these difficult times.

Tom Ogle, General Certified Appraiser – Jackson Hole Real Estate Associates, LLC

SINGLE FAMILY HOMES: The total number of single-family home **sales is down 45%** when compared to the first six months of 2008. The dollar volume spent on homes followed suit, down 55%, reaffirming our "Perfect Buyers' Market". The **median and average sale price** also dropped in the first six months of 2009, **down 17% and 29% respectively**. The upper end of the housing market, homes priced at \$2+ million, is down 65% in total sales with only seven recorded in the first six months of 2009. **Note:** Of the 42 homes sold, 48% of them sold for over \$1 million. This is the first time in three years there were **more home sales under \$1 million than over**.

THE NUMBER OF HOMES UNDER CONTRACT reaffirms our Perfect Buyers' Market. The number of single-family homes under contract is **down 66%**, the **average price down 33%** and the median price is down 16%. Note: Half the homes under contract are under \$1 million, a 50% increase over 2008. This may be signaling the return of our local Buyers, who've been on the proverbial fence this year.

AVAILABLE SINGLE-FAMILY HOME INVENTORY is **up 40%**, dropping the median asking price 15% to \$1,695,000. The average asking price is also down 16% to \$2,901,065 despite the overall dollar volume of available inventory being up 19%, to over \$977 million. This increase in dollar volume is due mostly to the number of expensive homes available. There are currently 138 homes for sale over \$2 million, up 19%. **NOTE:** There are currently **five single-family homes listed for under \$500k**. This is the **first time since 2005** we've had inventory in this price range. At this time in 2008 the least expensive home was \$635k.

THE LEAST EXPENSIVE HOME ON THE MARKET, at this time, is \$475,000 on Horse Creek Road close to Hoback Junction. This buys you a small framed house and an additional mobile home for rental income on 3.56 acres (horses allowed).

THE MOST EXPENSIVE HOME ON THE MARKET, at this time, is \$28.5 million. This buys you an 8,068 sq. ft. log home plus guesthouse, situated on 37 private acres south of Wilson, on the Snake River.

The housing segment with the most available inventory is \$1 to \$2 million, where the number of available single-family homes (112 homes) makes up 33% of the available home inventory.

CONDO/TOWNHOME SALES: The **number of sales** in this segment of the market also experienced a huge drop, **down 90%**. The average and median sale prices also reflected this drop in demand, down 39% and 44% respectively. With a total of twelve sales, six came in under \$500k. This segment is also considered a **Perfect Buyers' Market**. Currently, 35% of all available condo/townhomes inventory is listed below \$500k with nineteen under \$350k. **NOTE:** During this same period **in 2008 there were no condos/townhomes available for under \$350k**.

CONDO/TOWNHOMES UNDER CONTRACT is actually **up 14%**. The dollar volume for condos under contract is up 19%, the average asking price is up 5%, and the median asking price is up 6%, when compared to July 1, 2008. **NOTE:** Of the thirty-three units under contract thirty are new construction and have been under contract since early 2009 or 2008.

AVAILABLE CONDO/TOWNHOME INVENTORY also saw a **huge spike (up 41%)** as of July 1, 2009. The average and median asking prices have both experienced a slight drop, down 9% and 10% respectively. The overall dollar volume for available condos/townhomes in turn increased, up 28% to over \$217 million. This increase in inventory can also be directly linked to the current recession.

THE LEAST EXPENSIVE CONDO ON THE MARKET is \$250,000. This buys you a 428 sq. ft. one bedroom and one bath condo, built in 2001, in west Jackson.

THE MOST EXPENSIVE CONDO ON THE MARKET is \$5.250 million. This buys you a 3,440 sq. ft. luxury 3-bedroom and 4.5-bath residence in the Four Seasons Hotel & Spa at Teton Village.

RESIDENTIAL VACANT LAND: The **number of sales** in this segment of the market also experienced a huge drop, **down 75%**. The average and median sale prices reflected this drop in demand, down 30% and 22% respectively. With a total of nine sales, four came in under \$1 million. Currently, 32% of all available single-family lots are listed below \$1 million with fifteen under \$500k. NOTE: During this same period in 2008 there was only one residential vacant lot available for under \$500k.

The **upper end** of the vacant residential land market (parcels over \$1 million) also experienced a **huge drop in sales**, down 79%. The most expensive residential lot sale so far in 2009 was a 6.9-acre parcel on the Snake River, which sold for \$3,250,000.

LOTS UNDER CONTRACT are about **non-existent**, with only two currently pending. This is a **95% drop** when compared to July 1, 2008. The lack of pending sales can also be directly linked to the recession. The three biggest Buyers of vacant residential land (contractors, investors and future retirees) have gone away for the time being.

AVAILABLE LOT INVENTORY also saw a **huge spike (up 39%)** as of July 1, 2009. This increase in inventory brought more affordable lots to the market, with available lots under \$1M more than doubling. The **median asking price** for a single-family residential lot **dropped 15%** to \$1.395M, and the average asking price dropped 10% to \$2,361,159. This increase in inventory can also be directly linked to the current recession.

THE LEAST EXPENSIVE SINGLE-FAMILY RESIDENTIAL VACANT LOT, currently on the market in Jackson Hole, is a 3.1 acre parcel about 12 miles south of Wilson in Red Top Meadows for \$349,000. **NOTE:** The median listing price for a vacant residential lot is \$1.395 million.

THE MOST EXPENSIVE LOT FOR SALE, at this time, is \$25.5 million. This will buy you 73-acres (comes in two 36 acre parcels sold together) north of Jackson and on the Snake River, with privacy, lots of trees, and big views of the Tetons.

JACKSON HOLE REAL ESTATE ASSOCIATES LLC is the largest locally owned and operated Real Estate Company in the region. Our team is comprised of 70+ agents, appraisers and support staff, as well as, a powerful database that leverages information for our clients, daily tracking of every single real estate transaction in Jackson Hole. Combine all this with the worldwide reach of **Christie's Great Estates**, the simple fact remains: **We Know the Market Better than Anyone.**

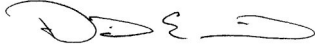
It is becoming very clear that buyers and sellers demand to stay informed of market conditions. We offer several services that will keep your finger on the pulse of our local real estate market, from daily email updates, a free market analysis of your property, to quarterly price updates on your Jackson Hole property. Please contact us to learn more about the programs and services we can provide.

Today the **Christie's Great Estates global network** of affiliated brokers includes nearly 36,000 sales associates operating from 900 offices in more than 40 countries. The network's combined **annual sales topped \$128 billion**. The combined global networks of Christie's and Christie's Great Estates, both market leaders in the sale of luxury goods, create a world-class showcase for distinguished real estate. No other network offers this level of international visibility to proven buyers of high-value property.

Whether you are pricing your property to sell in this competitive market, or deciding when the right time to buy is; rest assured that when you are our client, you will have current market statistics, impeccable level of service and personal attention that will give you the upper hand.

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. If you plan to list your property this fall, would like a more detailed analysis of specific areas, back issues of **THE HOLE REPORT**, or a professional Realtor to represent you in your next real estate transaction, please call or email one of the numbers below or write to P.O. Box 4897, Jackson, WY 83001, Attn: David and Devon Viehman.

Sincerely,



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* 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 these graphs.

*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 2008 compared to the first six months of 2009.

*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.