



High-End Market Leads the Way

Welcome to the **16th Anniversary** of *The Hole Report*. Published semi-annually, this data-driven report is the most accurate and trusted real estate news source in Teton County, Wyoming. First, we would like to thank all our **loyal readers, customers and clients** for their continued trust in this report. Our ability to track every single real estate transaction, and then turn the data into historical knowledge, has made us the most sought after real estate experts in Jackson Hole.

As reported in our 2009 year-end newsletter, the local real estate market hit bottom at the end of 2009. Since then, we have seen a steady climb in the number of sales across the board. Notably, the second-home or vacation-home market has been particularly robust. As recently stated in the *Wall Street Journal* this is a national trend: "Sales in many vacation communities across the U.S. soared last year to levels not seen since boom times, driven by deep discounts, cash purchases and buyers' rising stock portfolios." (January 10, 2011) According to the National Association of Realtors: "the market segment which has seen growth in the number of transactions in 2010, is the over \$1million price point." **How will these high-end sales affect our market?** For starters, the high-end homebuyers will help jumpstart the local construction and remodeling industry. In turn, plumbers, electricians, landscapers, etc. will generate more income. More jobs translate into more confidence in the local real estate market.

When looking at the different segments (homes, lots and condos), the locals' home and condo markets (under \$1 million) are still soft. The reasons are three-fold; (1.) there are very few first-time buyers, which in turn makes it difficult for existing property owners to sell their homes and trade up (buy a larger condo/townhome or single-family home); (2.) tighter lending guidelines make it difficult for many borrowers to qualify for Fannie Mae or Freddie Mac government backed loans; (3.) most of the distressed properties (foreclosures, short sales and bank-owned) can be found in this segment (74%). These three factors contributed to falling values. In fact, property values for some of this sub-million market of condos are off as much as 50% to 70% from their all-time high of 2007. These areas of high depreciation are very specific though. They include older condos in Teton Village, JH Racquet Club and the Town of Jackson, only. Combine these factors with a 55% increase in listings under \$1 million and you can see why we predict this segment to remain soft in 2011.

There is a glimmer of hope though. As you will read below, the rental market in Jackson Hole is tightening. Based on a survey of local property managers, the vacancy rate for long-term homes and condos is low, and shrinking. This is due in part to no new homes being built, renters who cannot qualify to purchase a home, contractors from other areas moving back to the Valley to find work, and no new rental inventory. **The oversupply of affordable homes and condos to purchase, with higher demand for rentals, is attracting investors with cash.** These savvy, opportunistic cash investors are not only taking advantage of the greatly discounted values, but are in many cases able to make 7% to 10% return on their investment. This is substantiated by the fact that 72% of all sales under \$500K since October were all-cash transactions. Most local residents and first-time homebuyers secure a loan to buy a property. The hope is these investors will continue to buy, depleting the distressed inventory, which in turn will stabilize our locals' market.

DISTRESSED REAL ESTATE (FORECLOSURES, SHORT SALES & BANK OWNED): Everyone has heard these buzzwords and the majority of Buyers continue to focus solely on these types of properties. As part of our continued efforts to stay on top of market trends, and to keep our clients and customers well informed, we have provided a snapshot of distressed sales in 2010 and what areas of the Valley have been affected the most. We are also offering weekly email updates of all upcoming foreclosures. We are also tracking short sales and bank-owned properties. If you would like to sign up for weekly update, send an email to davidviehman@jhreassociates.com

Number of distressed sales in 2010: Out of 319 total sales in Jackson Hole for 2010, 48 were distressed (15%) at some point last year before they sold. Of those 48, 36 (75%) sold for under \$1 million, 20 sold for under \$500K (42%) and 4 sold for over \$3 million.

Areas with the most distressed sales: Out of the 48 distressed sales, 14 were in the Town of Jackson, 9 were in Teton Village, 9 were south of Jackson in the South Park area, and 6 were in the JH Racquet Club.

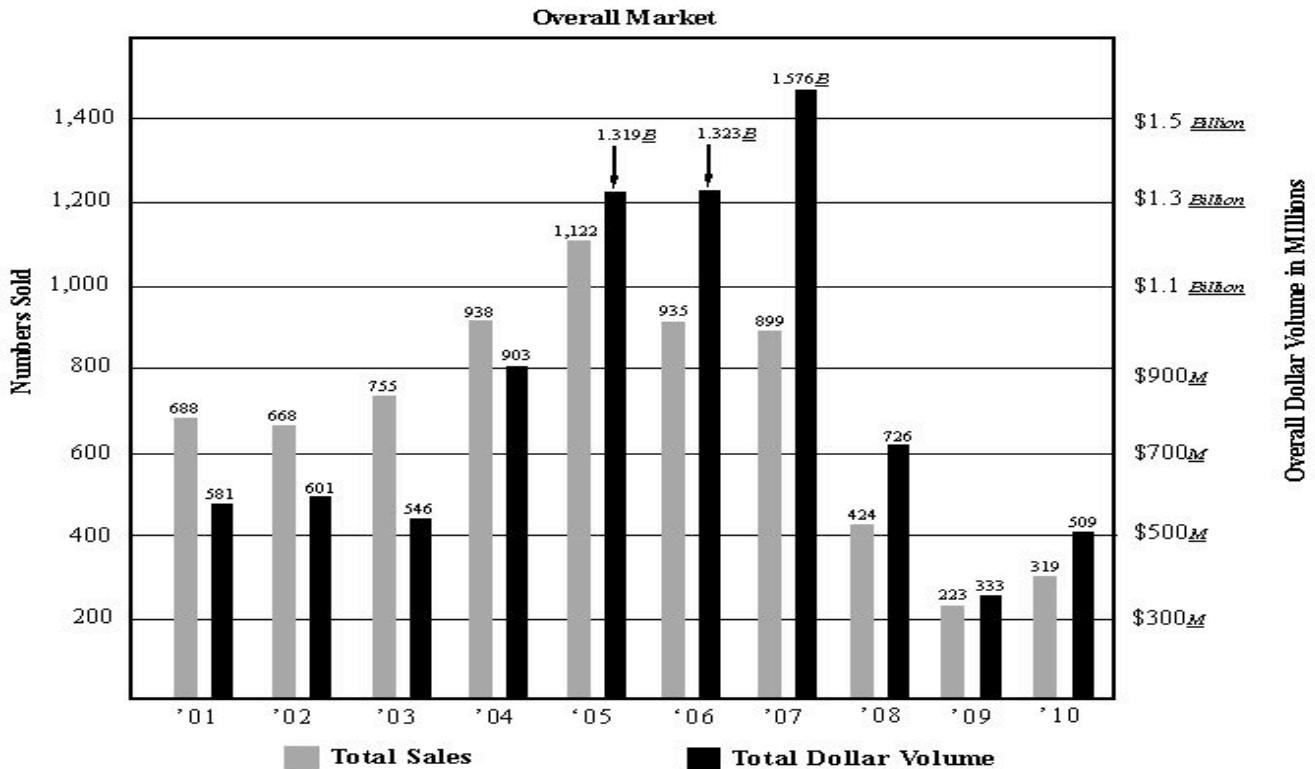
Number of currently distressed listings: There are currently 668 listings in Jackson Hole. Of these listings 58 (8.6%) are considered distressed. Of these 58, 43 (74%) are listed for under \$1 million, 29 (50%) are listed for under \$500K, and 2 are listed for over \$3 million.

Areas with the most distressed listings: Out of the 58 distressed listings, 23 (40%) are in the Town of Jackson and 12 (20%) are in Teton Village.

NOTE: If you are currently seeking well-priced distressed properties, consider the following: in 2010, only 15% of the overall sales were distressed. Of the 668 currently available listings, only 8.6% are considered distressed. Buyers need to also understand a distressed sale requires lots of patience, as the average time spent to close on a distressed property is between 90-120 days. **Don't let the allure of a distressed property blind you from the other opportunities.** The current number of motivated Sellers is still historic, as are the low interest rates. While distressed sales usually generate lots of media press and interest, the non-distressed properties are some of the best buys in today's market. The motivated Sellers of these well-priced properties are often more eager to make a deal, and Buyers can negotiate more readily with them than the mega banks that represent the distressed properties.

CRUNCHING THE NUMBERS FOR 2010: The **overall market** (all home, lot, condo and commercial transactions or listings) again has seen a steady climb in the number of sales across the board. When comparing the 2009 year-end statistics with 2010's, we discover that the overall number of sales was up 43% to 319, and the overall dollar volume was up 53% to \$509 million. The **upper-end market** (over \$2 million) is clearly showing signs of a recovery, where **sales are up 91%** and dollar volume is up 70%. Of these 84 upper-end sales, 31 sold for between \$2 million and \$3 million, 34 sold for between \$3 million and \$5 million and 19 sold for over \$5 million.

The surge of sales in the above \$2 million market, and the simultaneous depletion of quality homes in the above \$3 million segment (see single-family homes below), could mean prices may soon start to increase in this segment by mid to late summer 2011. The unknown factor is this: *How much new listing inventory will we see in the summer or 2011?* In 2011, we predict with confidence that these high-end buyers will continue to take advantage of these great values. They will choose to leverage their cash, or good borrowing power, by investing in Jackson Hole real estate. **NOTE:** There are still some active listings priced above their current market value. The ones that are considered "a great deal with strong value" are the ones selling. Those Sellers with properties priced above market-value will continue to experience frustration with little activity, or offers, on their properties.

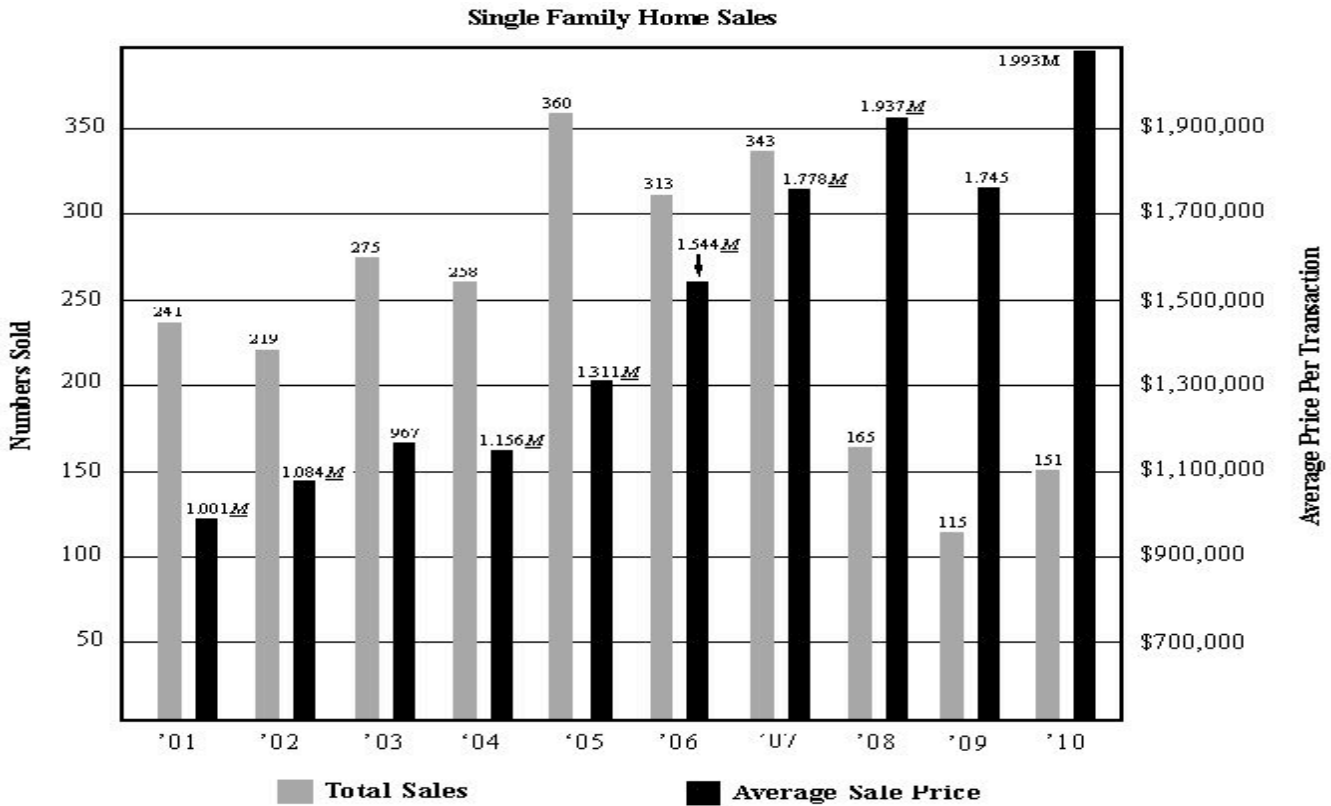


Overall real estate currently under contract is somewhat sluggish. The **number of properties currently under contract is down 9%** and the dollar volume is down 22%, when compared to year's end 2009. This is not alarming though, as lately many Realtors are not indicating via MLS that their listings are under contract and waiting to close. They simply wait until the transaction closes escrow and then report the sale to the MLS. This allows the Realtor to continue showing the

property with the hopes of securing back-up offers, just in case the contract falls apart at the last minute because of a loan denial. **NOTE:** Of the 50 properties under contract, only three are vacant land listings.

Current overall available inventory has **increased 22%** when compared to the end of 2009. In contrast, inventory is down 21% when compared to June of 2010, when inventory levels peaked at 842 listings. This drop did not entirely come from sales in 2010. Many frustrated Sellers took their property off the market because they refuse to sell at today's market values. Don't expect those disheartened Sellers to re-enter the market anytime soon. Meanwhile, the overall average and median listing prices were down 15% and 20% respectively, when compared to 2009. The drop in both the average and median listing prices are a clear indication much of our current inventory is at a lower price point than last year.

Single Family Home sales accounted **47% of all sales in 2010**, and were up 30% when compared to 2009. The dollar volume totaled \$301 million (up 48%) and the average and median sale prices were up 13% and 30% respectively. Notably, the second-home or vacation-home (upper-end) market has been particularly robust. The year ended with **more home sales over \$4 million than in 2008 and 2009 combined**. In fact we were only 3 sales short of outperforming 2007, where sales reached an all-time high. Also worth noting were homes that sold for under \$500,000. Just two years ago in 2008, the least expensive home sold for \$553,500, yet this year 11 sold for under \$500,000 with the least expensive coming in at \$350,000.



The single-family home hot spot. The town of Jackson and south of town shared the spotlight with 34 and 35 sales respectively. The area with the largest increase over 2009 was Teton Village where 11 sales occurred, or an increase of 550% over 2009 Teton Village single-family home sales.

The million dollar-plus segment of single family homes also experienced a big increase in the **number of sales, up 48%** to 90 transactions. While the average sales price only increased 6%, the median sale price climbed 47% to \$2.5 million. This increase in the median sale price is clearly being affected by the return of the upper-end market.

Homes currently under contract: As of the year's end, there were 25 homes under contract (up 32%) with an average listing price of \$2.45 million (down 19%) and a median list price of \$1.245 million, down 65%. This swing in the median price is coming from the increased activity in the low end, where almost half the homes under contract are listed for under \$1 million.

Homes currently on the Market: There are currently 230 homes on the open market (down 8%) with an average list price of \$2.8 million and a **median list price of \$1.69 million**. Out of the 230 single-family homes currently on the market, 77

are listed for under \$1 million, while 33 are listed for over \$4 million. This means more than half of the existing inventory is listed between \$1 and \$4 million. NOTE: If the demand for homes above \$4 million continues in 2011, expect to see the law of supply and demand kick in. Supply and demand is an economic model of price determination in our market. In a competitive market, the price for a particular home will vary until it settles at a point where the demand by buyers will equal the quantity supplied by sellers, resulting in an economic equilibrium of price and quantity.

Least expensive single family home listing at year's end: A two bedroom, one bath 1,600 sq. ft. home on 3.5 acres, in the Horse Creek area, for \$375,000. The property also has a mobile home, which is grandfathered as a rental. NOTE: This is a **bank owned distressed sale**.

Most expensive listing at year's end, again: \$29.65 million - a private estate north of Jackson with a 7,583 sq. ft. main residence and a 4,538 sq. ft. guest house. Both are situated on a total of 72 acres with direct Teton views, on the Snake River.

For a more thorough understanding of this segment of our market, please call Devon or David at 888-733-6060 x9941, locally 307-734-9941 or email davidviehman@jhreassociates.com

Single Family Home Sales by Area:

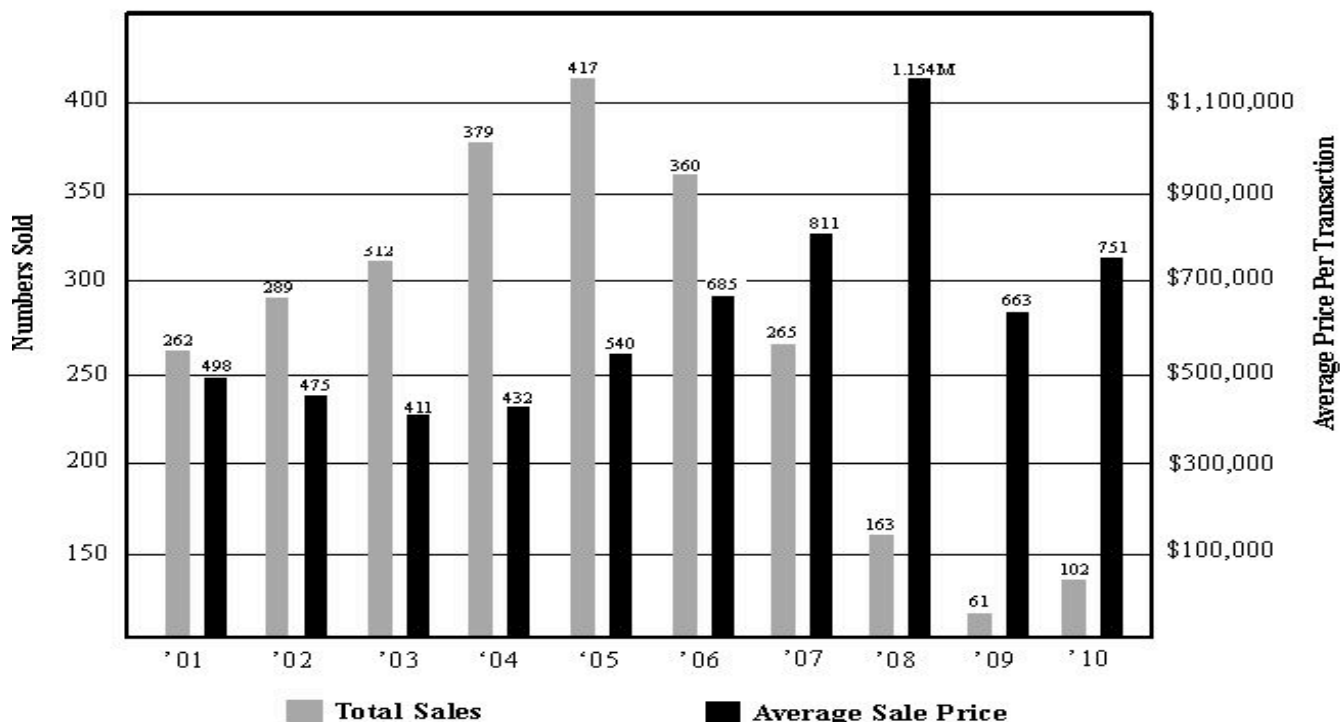
1. **Jackson Hole Mountain Resort** (Teton Village) – 13 sold (up 550%) with a total dollar volume of \$57.69 million. The average sale price was \$4.437 million and the median sale price was \$4.35 million. Five sold for \$5+ million each.
2. **Jackson Hole Racquet Club** (The Aspens) - 3 homes sold with a total dollar volume of \$3,868,700.
- 2a. **Teton Pines** - 10 homes sold (up 233%) with a total dollar volume of \$31.845 million. The average sale price was \$3.184 million and the median sale price was \$2.65 million.
3. **Westbank, North of Wilson** (excluding resort areas zoned for nightly vacation rentals) - 17 homes sold (up 31%) with a total dollar volume of \$51.885 million. The average sale price was \$3.052 million and the median sale price was \$2.85 million.
4. **Westbank, South of Wilson** - 9 homes sold (up 80%) with a total dollar volume of \$14.304 million. The average sale price was \$1.589 million and the median sale price was \$1.5 million.
5. **Skyline Ranch, N. of Hwy. 22 to Sagebrush Dr./W. of Spring Gulch** - 14 homes sold (up 56%) with a total dollar volume of \$34.2 million. The average sale price was \$2.443 million and the median sale price was \$2.1 million.
6. **North of Jackson, S. of Gros Ventre Junction and E. of Spring Gulch** - 3 homes sold with a total dollar volume of \$5.23 million. The most expensive sale was \$4.1 million, an Amangani home.
7. **North of Gros Ventre Junction/Kelly/Moran** - 10 homes sold with a total dollar volume of \$18.294 million. The average sale price was \$1.829 million and the median sale price was \$1.24 million.
8. **Town of Jackson** - 34 homes sold with a total dollar volume of \$24.512 million. The average sale price was \$720,956 and the median sale price was \$650,000.
9. **South of Jackson to the Snake River Bridge** - 35 homes sold (up 30%) with a total dollar volume of \$56.437 million. The average sale price was \$1.612 million and the median sale price was \$1.075 million.
10. **South of the Snake River Bridge to County Line** – 3 homes sold with a total dollar volume of \$2.735 million.

Condo/Townhouse – When compared to 2009, the number of **sales was up 67%** and the dollar volume was up 90%. While this segment of the market is starting to rebound, distressed properties will continue to hold values down in this segment. Unlike the \$1 million+ segment, where the number of sales increased 138% and values are starting to stabilize, the condos priced under \$500,000 are still plagued with a plenitude of Seller financial distress. In fact, a sizable 79% of the sub-\$500K inventory of condos/townhomes is distressed. Falling prices on single-family homes, the lack of first-time homebuyers, and increasing distressed inventory are making it tough to sell condos and townhomes in this segment. While most of the distressed condos can be found in the town of Jackson, about a third are located in Teton Village and the JH Racquet Club. Note: **56% of all condo sales activity was below \$500,000**. When you combine this fact with the above-mentioned return of investors to this segment, we may actually see stabilization in this segment sooner rather than later.

Hot Spots in the Valley: The **Town of Jackson and Teton Village** both experienced huge increases in the number of condos sold in 2010, **up 92% and 69% respectively**. The Town of Jackson also outperformed all other areas by almost 50%, with 50 condo sales in 2010. Some of this increase can be attributed the convenience of living in town but mostly from

value-seeking Buyers looking for rock-bottom prices. NOTE: With condo values down as much as 50%, and long-term rental vacancies staying below 5%, investors' interest in this segment is rising. Depending on the size and location of a rental unit, cash investors can realize a 7% to 8% return on their investment, while at the same time buying at the bottom of the market.

Condo / Townhome Sales



Condo/Townhouses currently under contract are sluggish at best. The number of properties currently under contract is **down 33%** when compared to the end of 2009. There were 20 condos under contract at year's end with an average listing price of \$1.06 million (down 32%). The median list price of condos currently under contract is down 69% to \$495,000. Note: 20% of the condos under contract are considered distressed.

Current available inventory for sale continues to increase, **up 33%** when compared to the same period in 2009. This segment of the market is also where the bulk of our distressed inventory resides. Of the 33 distressed condos, 26 are listed for under \$500K. NOTE: For the first time in almost two decades, mortgage payments can be less than you would pay to rent. If you can afford a 10% down payment, and have a good credit score, you can buy a condo and start building equity. To learn more about how to get started, contact Devon or David at 307-734-9941. **We are first-time homebuyer experts!**

Least expensive listing at year's end: \$130,000 (a 428 sq. ft. 2 bedroom 1 bath condo in west Jackson).

Most expensive listing at year's end: \$6.395 million (a 5,016 sq. ft. 5-bedroom, 5.5-bath Private Residence slope-side unit in the Four Seasons Resort, Teton Village).

For a more thorough understanding of this segment of our market, please call Devon or David at 888-733-6060 x9941, locally 307-734-9941 or email davidviehman@jhreassociates.com

Condo/Townhouse Sales By Area:

- 1). Jackson Hole Mountain Resort (Teton Village)** – 27 sold (up 69%) with an average sale price of \$1.48 million and a median sale price of \$1.25 million. The most expensive sale was \$4.059 million (Four Seasons condo, 3,440 sq. ft. with 3 bedroom & 4.5 baths).
- 2). Jackson Hole Racquet Club (The Aspens)** - 15 sold (up 25%) with an average sale price of \$324k and a median sale price of \$265k. The most expensive sale was \$475k (a 1,094 sq. ft. condo with 2 bedrooms and 2 baths, built in 1979).
- 3). Teton Pines** - 1 townhouse sold for \$950,000 (a 1,697 sq. ft. unit with 2 bedrooms and 2.5 baths built in 1995).

4). Town of Jackson - 50 sold (up 92% from 2009) with an average sale price of \$524,840 and a median sale price of \$406,000. The most expensive sale was \$1,537,500. This was a new luxury condo with 1,978 sq. ft. 2 bedrooms and 3 baths unit built in 2009.

5). Jackson Hole Golf & Tennis - 3 condos sold with an average sale price of \$534,677 and a median sale price of \$505,000.

6). Rafter J Ranch - 4 condos sold with an average sale price of \$377,250 and a median sale price of \$384,000.

7). Spring Creek Resort - 2 sold for a total of \$1,440,000. The most expensive sold for \$740,000. It was a 1,184 sq. ft. 2 bedroom and 2-bath condo built in 1986.

Residential Vacant Land - When compared to 2009, the **number of lots sold was up 40%** to 49 transactions. In contrast, the average and median sale prices dropped, down 9% and 26% respectively. While this segment of the market has started to rebound, do not expect to see prices stabilize in 2011. Unlike the single-family home segment, where inventory continues to decrease, vacant land **inventory increased by a hefty 59%** in 2010. While only 3.9% of the current inventory is distressed, the lack of readily available financing will keep buyers at bay. Today, lenders consider vacant land purchases as pure speculation, unless they plan to build a home within 12 months from closing. This statement is backed up by the fact that a mere 20% of all vacant land sales used bank financing in 2010.

The million dollar-plus segment of residential lots continued its downward trend in 2010. The **number of sales was down 21%** while the dollar volume was up slightly (+3%). NOTE: Currently 57% of the available residential vacant land inventory is listed for over \$1 million. For a free comparative market analysis on your million-dollar+ property please call 307-734-9941 or email davidviehman@jhreassociates.com. Our in-depth local knowledge combined with the Christie's Great Estates global network has made us **Your Local Luxury Experts**.

Available vacant land listings: Available inventory is up 59% when compared to 2009 with 204 available single-family home sites. The average listing price is down 12% to \$2.44 million, and the median listing price is only down 19% to \$1.19 million. Bargains on residential vacant lots can be found in just about every neighborhood in Jackson Hole. Available inventory is broken down as follows: 50 listings between \$1 and \$2 million; 44 between \$500K and \$1 million; 36 between \$2 and \$5 million; 31 between \$300K and \$500K; 17 between \$5 and \$10 million; 16 under \$300K; and 9 over \$10 million.

Least expensive lot listing at year's end: \$249,000 for a 0.36-acre single family lot in east Jackson.

Most expensive lot listing at year's end: \$17 million for 48+ acres in Crescent H Ranch.

Lots currently under contract - There are currently 3 lots under contract valley-wide.

For a more thorough understanding of this segment of our market, please call Devon or David at 888-733-6060 x9941, locally 307-734-9941 or email davidviehman@jhreassociates.com

Residential Vacant Land Sales by Area:

1. Jackson Hole Mountain Resort (Teton Village) - 5 lots sold with a total dollar volume of 11.6 Million. There were 2 in Granite Ridge subdivision, 1 at Shooting Star and two in JHSC 4th and 8th additions.

2. Jackson Hole Racquet Club and Teton Pines - No **vacant land sales** in Teton Pines or Racquet Club.

3. Westbank, North of Wilson (excluding resort areas) - Only 2 lots sold with a total dollar volume of 5.025 Million. One was a 35-acre parcel on the Snake River and the other was in Wilson Meadows.

4. Westbank, South of Wilson - 7 lots sold with a total dollar volume of 22.7 Million. The least expensive sale was a 3.8 acre lot for \$655,000.

5. Skyline Ranch, N. of Hwy. 22 to Sagebrush Dr./W. of Spring Gulch - 6 lots sold with a total dollar volume of \$8,295,000.

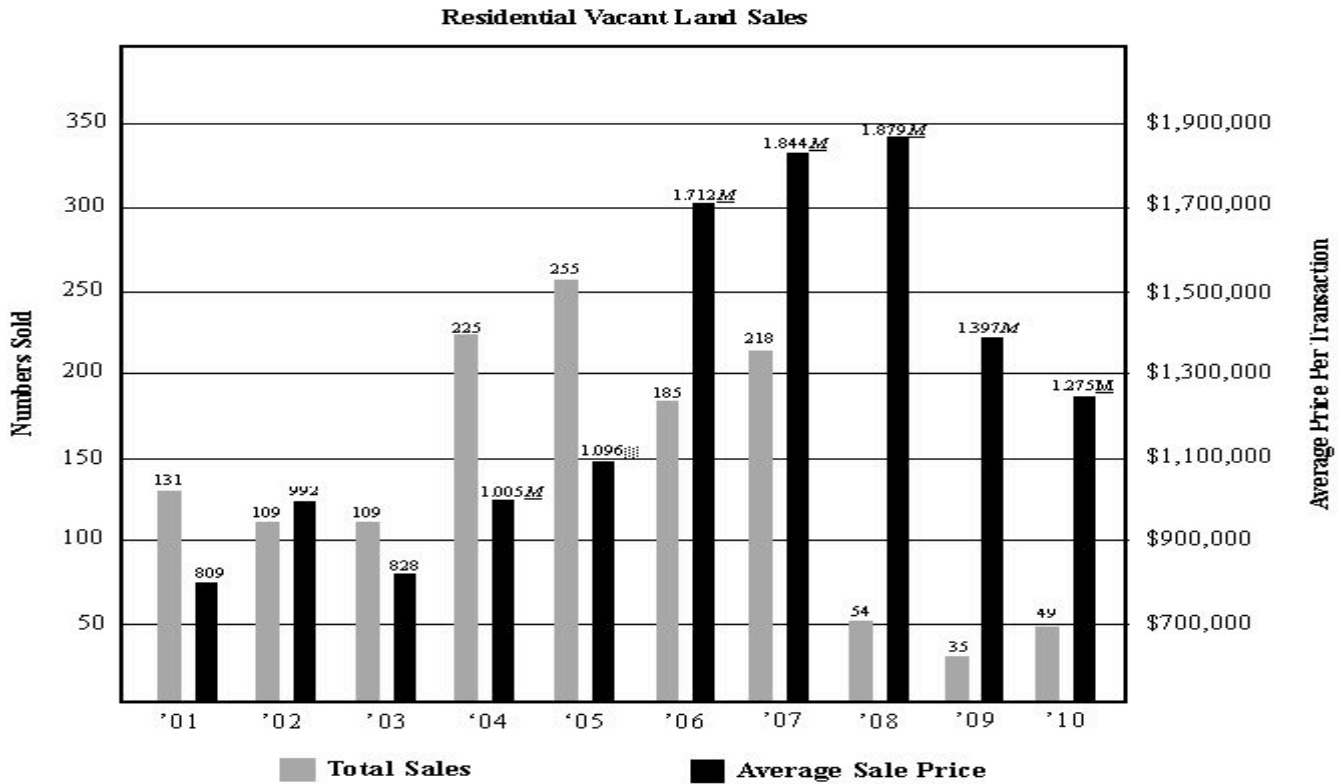
6. North of Jackson, S. of Gros Ventre Junction and E. of Spring Gulch - 4 lots with a total dollar volume of \$9,925,000. The most expensive sale was \$1.6 million.

7. North of Gros Ventre Junction/Kelly/Moran - 7 lots sold with an average sale price of \$795,714 and a median sale price of \$785,000. Total dollar volume was \$5,569,998.

8. Town of Jackson - 5 lots sold with a total dollar volume of \$1.675 million. The most expensive sale was \$375,000.

9. South of Jackson to the Snake River Bridge - 14 lots sold with an average sale price of \$921,786 million and a median sale price of \$785,000. The most expensive sale was \$2.3 million.

10. South of the Snake River Bridge to Co. Line - Only 1 lot sold south of the SR Bridge. It was a 21-acre lot on the Snake River that sold for \$800,000.



Affordable Housing Corner – Trends in 2010

Over the past year, there were some noticeable trends in the community’s affordable housing market. These trends involved the quantity of new product developed, and the reasons behind the sales of existing affordable homes.

More Affordable Homes Come Online

Twenty-nine affordable units came online in 2010. These units were a result of Land Development Regulations requiring local developers to provide a percentage of their market development as affordable housing. The homes, managed by the Teton County Housing Authority, are a mix of product types, spread across diverse locations throughout our community, including:

- Jackson Hole Golf and Tennis
- Pearl at Jackson
- Pine Glades
- Cottonwood Flats

Based on the recent slowdown in market development, affordable housing units created through this mechanism are expected to decrease. In response, the Valley’s affordable housing providers plan to move forward with three new affordable housing neighborhoods.

The Teton County Housing Authority is partnering with Habitat for Humanity to build 12 affordable homes at 5-2-5 Hall with construction expected to begin in summer 2011. Additionally, the Jackson Hole Community Housing Trust is expected to build 11 units in Wilson for the Teton County School District, and eight units in East Jackson, known as Daisy Bush.

Affordable Home Resale’s

Fourteen affordable homes changed hands in 2010. This movement was consistent with projections. A percentage of affordable homeowners purchased free-market homes, demonstrating how affordable housing programs are designed to function. However, a higher percentage of households relocated outside the valley.

Our affordable housing organizations will continue to be proactive in addressing the community's evolving housing needs. Each will strive to remain responsive to emerging trends and create solutions within their unique programs. To learn more about affordable housing, please contact any of our organizations:



(307) 734-0828

www.tetonhabitat.org



(307) 739-0665

www.housingtrustjh.org



(307) 732-0867

www.tetonwyo/housing.org

The Commercial Corner - The local commercial market was relatively slow in 2010. Data reveals 7 commercial closings for 2010, 3 of them were reported in MLS. One was a distressed property on the Town Square listed at \$5.4 million that sold for \$4.5 million and another was a development project on Scott & Snow King listed at \$11.7 million, which sold for \$6,187,500 to the Town of Jackson. The other was a commercial business that sold for \$650,000. There were a few other sales in the Teton County that were not listed in MLS. The Round Up, a retail building 1 block from the Town Square listed at \$4.65 million is currently Under Contract in MLS. Commercial sales in Teton Village struggled as 2 development properties were repurchased by the banks at foreclosure.

According to the Local Lodging Report February 9, 2010, "It appears that the local lodging market, like most other segments of the economy, has experienced a slow down; as evidenced in the local average daily rates and occupancy rate. But since the lows of 2009 the 2010 season has shown some improvement. This trend is expected to continue for at least the near future."

Lease rates seem to have stabilized somewhat as local business has slowed & tenants have renegotiated their terms with their landlords. Some of the commercial lease inventory that was on the market early in the year has been filled. Second floor office space on or near the Town Square dropped to around \$25/sqft and seems to still lease in that vicinity. For further information, please call me directly at (307) 413-2700 or email me at MichaelPruett@JHREAssociates.com.

The hardest hit part of the commercial market is raw land or redevelopment property. At the height of the residential condo market and with the land development tools in place, this property peaked over \$200 sq ft. As condo sales trailed, financing options tightened, and elected officials questioned the PMUD development tool, the value of raw development land dropped.

Commercial sales are stalled due to bank financing. Banks do not yet have a secondary market to sell commercial loans and lending regulations are still tight. Some banks are beginning to consider some in house financing for qualified buyers on commercial properties.

Locally, the PMUD is still weathering a moratorium. There are a handful of approved development projects that have their entitlements & are waiting to be built.

The Joint Comprehensive Plan review process will kick into gear with the elected officials in 2011 and likely will take the better part of the year to review. The outcome of this review will direct future land regulations and future opportunities in the Town and County.

What does all of this mean? It's a Buyer's Market!

Cash is still king in this market. Cash Buyers can make more aggressive offers and can avoid traditional bank financing. Buyers have a great opportunity to find good deals. The supply of commercial space and the stringent lending guidelines help drive commercial prices lower. Cash buyers should be able to buy commercial property at a discount. The challenge is finding a willing Seller at today's prices.

Be Realistic

If you are selling your commercial property, be realistic with today's market values and price your property accordingly. Buyers are looking for "below market value" properties or income producing properties that cash flow. Buyers will value commercial property today by the income they produce more than the value of the asset. In many cases, if a commercial seller is not pressured to sell their property, there is a gap between the Buyers and Seller valuation of the property. Creative options like Seller financing might contribute to the success of commercial sales in today's market. If you own Commercial real estate and want to know a value of your property in today's market, please call me at (307) 413-2700 or email me at MichaelPruett@JHREAssociates.com.

Lodging Outlook Remains Favorable

According to the Local Lodging Report February 9, 2010, "Until Jackson completely escapes the wake of the national recession, market-wide occupancy and average rate will almost inevitably decline in the near term. The long-term outlook for the market, however, is very favorable. Jackson Hole is one of the few ski destinations to have a summer peak season that meets or exceeds demand levels during the winter. Hence, the area's proximity to highly frequented national parks has not only

served to minimize occupancy losses during the current downturn, but will enable the market to recover more quickly than other ski resort destinations. Planned development initiatives in Teton Village, coupled with the projected increases in skier and national park visits, should further serve to stimulate demand and secure Jackson's place on the map."

If you are looking for real estate lodging opportunities in the Town of Jackson or Teton Village area, please call me at (307) 413-2700 or email me at MichaelPruett@JHREAssociates.com to discuss the options. More often than not, these types of properties are not found in MLS.

Development Property

Future development opportunities will be largely determined by the Land Development Regulations (as well as the economy) that result from the Comprehensive Plan. If development standards remain the same or improve, then it could be a good time to purchased land in the right location and wait. There are several properties in Town that have already gone through the costly entitlement process that could be good opportunities for Buyers looking to develop.

Looking Forward

There are some key indicators to watch for in the market as we move forward. Regulatory agencies need to loosen the regulations on banks and take some pressure off to open up available credit for the commercial sector. This has still not happened and in fact some think there is a commercial "write down" in the banking industry coming in 2011.

Cash flowing properties or properties with development rights might have more added value. Since few transactions exist to gain true measurable comparables, a cash flow or development scenarios may weigh more heavily in their analysis. One thing commercial owners can do is get an appraisal on their property. This will give you an indication of where your property values are today. You can also contact me for a free property analysis, MichaelPruett@JHREAssociates.com. Creativity in this environment can also offer new options for commercial property owners. Creativity by Sellers such as offering owner financing can also help close deals.

The PMUD moratorium could be a good opportunity for Buyers to get extra density on the approved yet not built projects as the rules may change going forward. Cap rates on residential and commercial development in the Town and County could have an impact on prices as supply may be limited. With the condo conversion moratorium lifted, some commercial properties that "condo" their properties could also see some added value.

If you have questions about the market or would like to discuss your property, please feel free to contact me at (307) 413-2700 or email me at MichaelPruett@JHREAssociates.com.



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The Appraisal Corner - There is a common misconception that appraisers are prolonging the nation's real estate downturn by developing value opinions that are below proposed sale prices. Specifically, appraisers have received criticism for including foreclosure sales and short sales among the comparable sales used in the valuation process. However, in certain markets, foreclosures and short sales provide important information for appraisers, whose task is to develop valuations based on market data and market forces. Appraisers do not set prices; rather they analyze and report market conditions. Throughout 2010, the local market was shaped by overall uncertainty felt by the market participants, which translated into nervous buyers, sellers and underwriters.

Many clients are asking what to expect in 2011 for the local real estate market. In order to answer that question, we need to look at the national economic trends and forecasts. Interest rates are predicted to remain steady. The National Association of Realtors' November 2010 affordability index, a gage of median income against home prices, reached an all-time high of 184.5, while in the same month the number of new homes available for sale dropped to a 42-year low and the inventory of previously owned homes on the market fell to 3.7 million, the third consecutive decline. This increase in affordability coupled with the decline in inventory of homes for sale should boost demand for housing in 2011. There is also an expectation of new jobs based on the robust balance sheets of corporations, which should translate into a lower unemployment rate.

The biggest deterrent to a housing recovery is the foreclosure delays due to legalities that came to light over improperly transferred mortgages causing banks to temporarily suspend court actions and review their internal procedures before moving forward. This caused a precipitous drop in foreclosures during the last quarter of 2010. These pending foreclosures will most likely be processed in 2011. It is hard to predict how that will play out in the coming year and what impact it will have on the housing recovery. Overall, gains in jobs and income will expand the number of eligible homebuyers and bolster confidence. The economy will probably see a positive contribution from housing this year, but a very small one.

In the end, economic indicators point to a slow housing recovery throughout 2011, both nationally and locally.

Our staff has over 25 years of combined real-estate appraisal experience and is able to handle any project, no matter what different complexities of the market are at the time.

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JACKSON HOLE REAL ESTATE ASSOCIATES LLC is the **largest locally owned and operated Real Estate Company** in the region. Our team is comprised of 90+ 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 International Real Estate**, the simple fact remains: **We Know the Market Better than Anyone.**

It is 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, weekly distressed properties list, 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. Be sure and also check out our new website www.jacksonholeresortproperties.com for the latest listings and news about our local market.

Christie's, the world's leading art business, has recently announced a corporate name change for its exclusive property brand Christie's International Real Estate <<http://www.christiesrealestate.com/>>, formerly Christie's Great Estates. The prime and super-prime sectors of the property market—where Christie's International Real Estate operates exclusively—have a global clientele. The name change will instill in these consumers a more immediate grasp of the company's mandate and clarify that Christie's and its real estate arm are one and the same.

Christie's International Real Estate is the only real estate network wholly owned by a fine art auction house. The network is uniquely positioned to follow the footprint of its parent company, Christie's, into the growing markets of the Middle East, Russia, and China, as well as established economies across the world, most notably North and South America and Europe. The new name further underscores that the values that distinguish Christie's—commitment, expertise, integrity, discretion, and five-star customer service—are likewise embedded in the company's luxury residential property specialists.

Christie's International Real Estate represents some of the most prestigious trophy properties in the world, which include estates, resort properties, second and third homes, and super-prime new-build developments. Properties have included Lord Andrew Lloyd Webber's Trump Tower Residence in New York City; Lyons Demesne, the historic Irish landmark fully restored by Dr. Tony Ryan; Ingmar Bergman's island retreat in Sweden; and the Astor Beechwood Mansion in Newport, Rhode Island. Among the most valuable properties currently in the Christie's International Real Estate portfolio are Palais Montmorency on Avenue Foch in Paris, France, valued in excess of US\$100 million, and Cornwall Terrace, the historic Grade I-listed Regency terrace in The Regent's Park, London, which was recently voted the most significant luxury property development in the United Kingdom.

Jackson Hole Real Estate Associates is the region's largest locally owned and operated real estate brokerage. As the exclusive affiliate of Christie's Great Estates, Jackson Hole Real Estate Associates provides access to a worldwide audience with more than 1000 real estate offices in 42 countries and transactions resulting in over \$125 billion annually. The reputation of Jackson Hole Real Estate Associates for exemplary client service and market knowledge combined with the power of Christie's Great Estates, the largest network of independent real estate firms, offers a synergy between local strength and global networking. By cultivating this unique balance of worldwide scope with a personal touch, through Christie's International Real Estate, Jackson Hole Real Estate Associates has become a global authority on the effective marketing of fine properties. Finely tuned marketing services, and a commitment to the business philosophy established by Christie's in 1766, define a brand based on trust, integrity, discretion, and excellence.

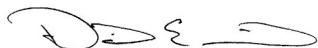
THE HOLE REPORT is published semi-annually, with additional email updates for the first and third quarters. While others attempt to report on our market with MLS statistics only (MLS historically tracks 65-70% of the market) we track every single transaction in Teton County. This data-driven report is the most accurate and trusted real estate news source in Teton County, Wyoming. If you would like to sign up for these quarterly email updates, or need more detailed information about our market, feel free to either call or email us at one of the numbers below. You can also find "The Hole Report" online at www.jacksonholereport.com

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, an impeccable level of service and personal

attention that will give you the upper hand. For a free no-obligation comparative market analysis please email davidviehman@jhreassociates.com

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 Viehman or Devon Wheeldon.

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 2009 compared to sales in 2010.
- *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.
- *While other local Real Estate Brokerages attempt to report on the local real estate market, Jackson Hole Real Estate Associates 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"**.

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