



REAL ESTATE MARKET OVERVIEW

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Glimmers of hope are becoming more abundant as we get closer to the end of the worst recession the U.S. has seen since the great depression. The Park City Real Estate market has gone from being almost totally shut down in the fall of 2008 to showing a definite up tick in new sales pended for the winter 2008-2009. While these new sales pended represent approximately ¼ of our previous normal sales activity, it is still a sign worth noting that they are on the increase. There also continues to be interest from prospective buyers, but the sales that we see occurring are primarily whopping great deals before buyers will buy. We are still seeing significant activity in the million plus price range, but the majority of the sales occurring are approximately \$750,000 and less.

The first quarter year-to-year comparisons for the greater Park City market are interesting and somewhat misleading. Sold volume 2008 vs. 2009 is down 54% in the first quarter and transactions are down 56%, but the startling figure is the overall sales price is up 4% to \$992,949.00. This seems a little crazy given the recession and the state of our market. However, with the small number of transactions coming in, statistics can easily be skewed. I believe that this increase in overall average sales prices is skewed upward by the recent sale and closing of several very expensive single family homes i.e. \$5-\$8 million. If there were more buyers in the market place creating more activity, I believe that our average sales price would be, decreasing somewhat, dramatically perhaps for a briefer period of time than other areas as we get closer to a recovery – but none the less decreasing. Currently there just doesn't seem to be enough transactions going under contract to even give many sellers a chance to create a deal by a dramatic price reduction.

As evidenced by the statistics on single family homes where there is a 12% increase in average price, yet when we compared to condos in the area, we see a 69% decrease in sold volume and a 29% decrease in average sales price. Vacant land in the greater Park City area shows even more dramatic decreases – 67% decrease in volume and a 74% decrease in transactions with a few very expensive multi million dollar lots selling largely in The Colony and Deer Valley boosting the average vacant land price up 26%. Deer Valley statistics first quarter year-to-year comparisons are all over the map primarily because of lack of activity. We see a definite drop in transactions and volume in most categories with dramatic drops in the condominium area. This will change as market activity picks up not only in Deer Valley but all over.

Other major factors affecting our market place are for the most part looking up while the national economy still has a long way to go. Key things that affect our market place like the stock market are showing definite signs of bottoming out and recovery. The national housing market has to be bottoming out now or very close both in resale homes and new construction. Every day it seems that more and more of the stimulus programs, rule changes, and just time to heal are kicking in – in a good way. Interest rates are at incredible lows and should stay that way for quite a while. Utah's economy is important to all of us in Utah but not so critical or important to the Park City real estate market as most of our buyers come from out of state and are influenced by these national statistics.

The local Park City economy (tourism) is struggling and will most likely continue to struggle through the rest of this year. It seems as though many businesses did not prepare for the length and severity of the recession and after the ski season are now feeling the cash crunch more than ever. There are extreme problems with two large local property managers and many retailers are closing down (much like the rest of the United States). There are also real estate companies going out of business or merging trying to survive through these challenging times. What can we expect in the Park City real estate market in the second half of this year? We should see our market continue to make slight incremental improvements upward in the amount of activity as we work our way towards recovery. Recovery could be by the fourth quarter of 2009 barring any unforeseen disasters.

One thing that doesn't seem to change in Park City – recession or not – is the quality of life that we experience here. This is still perhaps our biggest selling point that we hear from buyers, and that we feel living here every day. It is still a beautiful, safe community with clean air and so many robust recreational things to do in addition to your work. Our short 45 minute commute to the Salt Lake International Airport is still a competitive advantage that no other major mountain resort offers. Our schools are still rated the top in Utah and in the top of all public schools in the United States in addition to wonderful private schools.

Quality Time Remaining is still one of our strongest selling points here and perhaps a reason why there is still so much interest from people who are “waiting” to make their move. More and more our buyers tell us that they are not only looking for a good real estate investment that has a chance for appreciation in the future and a hedge against inflation, but more importantly, they are looking for a viable investment that they can enjoy during bad economic times or good. It becomes a place to not only get away but to enjoy family and friends and for many ultimately a place to retire. As the economy continues to heal and more people enter the market place there should be more and more great values to be had in our market place and nothing will change what an incredible place to live Park City has become. •



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