

# THE HOLE REPORT

## The Markets Still On Fire!

WELCOME TO THE MID-YEAR REPORT ON THE JACKSON HOLE REAL ESTATE MARKET

Where's the fire? Well, it has spread out across the valley with hot spots throughout and across the board. Overall dollar volume is up 49% while available properties for sale are down 10% (this is the third year in a row available inventory is down). Total number of transactions are up only 11% but average sales price are up a steamy 33%.

As predicted in the last issue, the fire was the hottest on the Westbank, especially Teton Village. The area north of Jackson was also red hot. After almost four years of below normal appreciation, the vacant land market north of Jackson has rocketed to the highest average price in the valley of over \$900,000 per transaction.

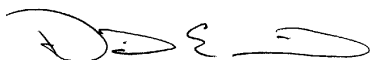
What's fueling the fire? (Supply and Demand) I have discussed this point in past issues and would have to say with some certainty that this is what's fueling and will continue to fuel our market well into the future. Consider the following: less than 3% of the valley is privately owned and developable, current subdivision regulations require a 70% allotment of open space, in addition to lengthy studies to determine that new developments will not compromise our sensitive environment. Furthermore, these stipulations are nothing compared to the public outcry that comes when a new subdivision is proposed.

These circumstances encourage landowners to either divide their land into 35+ acre parcels (luxury lots), thus getting around subdivision regulations, or place conservation easements on their property gaining substantial tax benefits, but eliminating future development all together.

I hope this report will give you some sense of market trends and, as always, I am 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 value of any individual property may and probably will vary from the average indicated in these graphs.

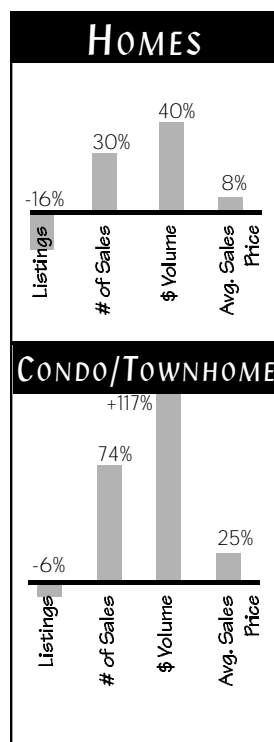
If you would like a more detailed analysis of specific areas, back issues of the Hole Report or a professional realtor who really knows the market and its trends, please call or email one of the numbers below or write to P.O. Box 7436, Jackson, WY 83002. Attn: David Viehman.

Sincerely,



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### Jackson Hole Real Estate Activity January - June 1998 vs. January - June 1999



◀ 1998 – Homes Sold for over \$1,000,000: 13

◀ 1999 – Homes Sold for over \$1,000,000: 19

◀ 1999 – Median price for home is up 20% (\$390,000)

Homes - Available homes for sale are down a cool 16%, but the number of homes sold is hot (up 30%) and even hotter is the dollar volume spent on homes (up 40%). The average price per home warmed up slightly by 8% when compared to the first six months of last year. For the first time ever there are no homes available under \$200,000 and the least expensive deeded home available in the valley is \$225,000.

Condo/Townhomes - The condo market is another hot spot with inventory cooling down by 6%, but the number of sales is hot (up 74%) and the volume is sizzling (up 117%). The average price per condo heated up by 18%. The fuel that set this fire was Teton Village. There were 28 sales with the average price of \$734,375. The bulk of the sales came from Granite Ridge offering the first new batch of townhomes in many years.

Raw land - The inventory for raw land is up slightly but the number of sales transactions has actually cooled down by 30%. The hot spot in this segment of the market is the 10 - million dollar + lot sales which helped fuel the dollar volume (up 70%) and the average price boiling over by 141% when compared to the first six months in 1998. The area really on fire is the Westbank where 33 lots sold for an average price of \$787,715 and North of Jackson coming in a close second with 27 lots sold at an average sizzling price of \$924,337.



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**★REAL ESTATE TIP:** Any real estate investor wishing to sell their property and reinvest the money in other property or to "trade up" to a better property, should consider a 1031 (like-kind, Starker, etc.) tax-deferred exchange. Otherwise they might find themselves faced with a whopping tax bill the next year, and the needed money to pay taxes locked up in the investment in the new property. This can happen despite your best intentions and split second timing of the closing, unless you strictly follow the requirements of the IRS rules and use a "qualified" exchange intermediary to take advantage of this tax shelter technique.

The idea is to keep all your money working for you in ever bigger, or at least better, investments in real estate. The ultimate goal is to keep trading up until congress reduces the capital gains tax or, better yet, until you die owning the property and avoid the capital gains taxes altogether.

Paul Vaughn, P.C.  
Attorney at Law  
THE REAL ESTATE EXCHANGE

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**★STATISTICAL BITS & PIECES:** If you are wondering where all the buyers are coming from, well wonder no more. In 1998 - 55% came from Jackson, 14% from the East Coast (Florida led the way), 15% came from the Mid-West (Texas the big contributor), 13% from the West Coast (California mostly), 2% from the Rockies and 1% from outside the USA.

In 1998 the median priced vacant lot was \$185,000 but in the first six months of 1999 the median price exploded to \$285,000.

The median priced home in 1998 was \$370,000, three bedroom & two baths, a fireplace and views, 1,850 sq. ft. with .43 acres, bought by a married family with 1.7 children, 1 dog and a duck (just a joke, I have no idea about the average family).

The average price for homes, vacant lots and condo/townhomes in Jackson Hole has been on the rise for eight years running.

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**★ABOUT THE EDITOR:** I moved to Jackson Hole 8 years ago in search of a good place to raise my family and enjoy life to its fullest. With 10 years experience in resort sales and marketing I knew I would fit in, but wasn't sure how. After two years in this market I realized it was very complex and driven by supply and demand. I also realized most of my clients, because of the complexity, did not have a clue what their property was worth or where the market was going.

With this in mind I decided to create the Hole Report and establish a data base of all sales and listings since 1982 to support this newsletter (the Hole Report is printed annually with a semi-annual update printed in July). Then in December 1998, I joined Hoffman & Associates as a partner. Hoffman is one of the oldest real estate firms in Jackson Hole, celebrating 30 years of service in 1999. We are also the largest appraisal service in the valley with a comprehensive data base spanning 30 years. Together we now have the most comprehensive data program in Teton County. This enables us to pinpoint any property or area, and not only give you a sales history, but also let you know where the bargains are, and where the growth in population and property values are heading.

Like a good stock broker, I know the market and keep up with the trends. I love my family, my life and assisting people in finding and selling property. I have made many friends since I moved here and look forward to making many more. The next time you are considering a real estate purchase or sale, give me a call, you'll be glad you did!

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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 1998 compared to the first six months of 1999.

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**If you're a property or business owner in Teton County 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. I 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 property owner but would like current sales data and a professional to help you make your first or next purchase, or would just like to be put on my mailing list for the Hole Report please call, write or email today!**