

MARKET OVERVIEW

By Jess Reid

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Last year was another challenging year. However the downward trend of our transactions and sold volume began to decrease with sold volume only down about 17%. Interestingly our average sold price was actually up by 1% most likely due to closings of very high end properties around town, especially Deer Valley. In looking at graphs of the last 20 years, we see the ups and downs (mostly ups) of sold volume and transactions. But the interesting trend is our average sales price. It has had a pleasant upward trend for quite some time and while we will see prices continue to decrease somewhat, it is not happening as dramatically as many other areas of the United States.

Currently in **first quarter 2010**, we are well ahead of this time a year ago in sold volume and transactions. Some of this is due to closings from the St. Regis Hotel and the Silver Strike auction, both of which were good for our area-wide volume figures.

The local real estate market continues to come back slowly in small increments. Most people agree that it seems that our local real estate market follows the national economy and the stock market more than it does our state economy. While 2009 was difficult, the end of the year showed much promise. Then we seemed to have flattened out somewhat in January and February of 2010 – much like the national economy. We are seeing a transition from the “bottom feeder” phase to the “fence sitters” coming back into the market place. As we do, we will see more demand for loans than we have in the past year. Interest rates may increase in the second half of 2010 but they will still be incredibly low. It is still amazing how many transactions in Park City, especially the larger ones, are cash.

We are seeing more auctions – after the success of Silver Strike at Empire Pass, there are now three more auctions being promoted and time will tell how well these will do as a means of moving real estate. On the other side of that coin, many sellers are starting to better understand where we are in our local real estate market and many of them are making dramatic price concessions to get their property moving. If sellers do this on their own, then there may not be a need for many auctions especially with more buyers entering the market. Not unlike other areas of the United States, Park City has its own unique “**shadow inventory.**” Hundreds of condos are on the market currently in The Canyon’s and more could become bank owned or controlled as we work our way out

of this slow market. The outskirts of Park City also has a large number of vacant lots and houses – particularly in our beautiful golf course communities – Promontory, Hideout Canyon, Tuhaye, Victory Ranch and Red Ledges. A few other areas of concern are mainly in the county – large projects that are just sitting - like Black Rock Ridge, Canyon Trails and The Iroquois. These represent approved densities in excess of 600 to 800 units of either vacant lots or condominiums and some commercial.

The demographics of our buyers still remain pretty much the same as they had going into the recession – late 40's to 60's age groups. Most of these buyers are seeking a better quality of life – either year round or vacation home. Major markets that our buyers are coming from are still the Southern California area, North East coast area, a surprising number from Florida and some from Atlanta and Chicago.

Park City's base economy of **tourism** is in a fragile recovery, much like the United States. We should continue to come back perhaps stronger than some other areas of the United States with all of the incredible amenities plus our accessibility from an international airport.

Quality Time Remaining is still one of our strongest selling points here and perhaps a reason why there is still so much interest from prospective buyers. 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. Park City 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. 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 and nothing will change what an incredible place to live Park City has become.



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