

Market Overview of the Greater Park City Area

By Jess Reid
Jess Reid Real Estate

2009 was another challenging year. However, the downward trend of transactions and sold volume began to decrease with sold volume down only about 17%. Interestingly, our average sold price was actually up by 1%. This is most likely due to closings of high end properties around town, especially in Deer Valley. In reviewing the graphs of the last 20 years, we see the ups and downs (mostly ups) of sold volume and transactions. But the more interesting development is the average sales price; a rewarding upward trend for quite some time!

The second quarter 2010. We are well ahead of this time a year ago in sold volume, transactions, and average sales price. Some of this is due to closings from the St. Regis Hotel, the Silver Strike auction, and newer high end homes and condos. All are good for our area-wide volume figures.

The local real estate market continues to come back slowly in small increments. Most agree that it seems 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 considerable promise. The market seemed to have plateaued in January and February of 2010 – similar to the national economy. Now we are seeing a transition from the “bottom feeder” phase to the “fence sitters” who are coming back into the market slowly.

Incredibly low prices are being negotiated by smart buyers as the number of transactions has increased. However this pricing will not last as we clear out areas that have been oversupplied with inventory.

Lending and Interest Rates. As the market continues to recover we'll see more demand for loans than we witnessed during the past year. The approval process is more complicated than ever with borrowers and properties going through a strenuous qualification process. Interest rates may increase in the second half of 2010 but they will still be at historically low levels. It is still amazing how many transactions in Park City, especially the larger ones, are all cash.

Auctions. After the success of the Silver Strike at Empire Pass auction (\$1,285,000 to \$1,887,000), two more development auctions were held. The Lookout at Deer Valley was deemed a success even though there were not enough bidders for a live auction. Five units were sold by sealed bid for slightly higher than the minimum bids (\$1,650,000-\$2,400,000). Westgate at The Canyons struggled with their auction. Although there seemed to be a lack of interest and fewer bidders than expected, Westgate still managed to sell 12 of the initial 41 units offered (\$150,000-\$505,000). Another auction company is trying to produce a “resale” auction of various properties around Park City. However, auctions may have run their natural course in our area for the time being, as we continue to see more buyers entering the market with their Realtors and successfully dealing with motivated sellers.

“Shadow Inventory.” Hundreds of condominiums are on the market in The Canyon's and more could become bank owned or controlled as we work our way out of this recovering 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 - including 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.

Foreclosures in Summit County peaked in late 2009 and appear to be trending down. This area has not been hit hard by lender owned properties like many other parts of the country. We will continue to see incredible bargains in foreclosures and short sales – just less of them as the local market heals

Buyer demographics. This still remains pretty much the same as it had been going into the recession. Buyers are typically in their late 40's to 60's. Most of them are seeking a better quality of life – either year round or vacation home. Major markets that our buyers are coming from are Southern California, the North East, a surprising number from Florida and there have also been buyers from Atlanta and Chicago.

Park City's base economy. Tourism is in a fragile recovery, much like the United States. We should continue to recover, perhaps stronger than some other areas of the United States, with all of our incredible amenities plus accessibility provided by the Salt Lake City international airport.

The St. Regis and The Montage are incredibly positive additions to Park City/ Deer Valley. All who call this area home will benefit in a number of ways from having them here. In the meantime sales are slow much like other condo hotels across the country. As the market continues to heal and The Montage is complete (December 2010) these beautiful hotels will see success.

Quality Time Remaining. This is still one of our strongest selling points and perhaps a reason why there continues to be so much interest from prospective buyers. More and more buyers tell us they are not only looking for a good real estate investment that has a chance for appreciation and a hedge against inflation, but more importantly a place they can enjoy during good or bad economic times. The Park City area is a place to not only get away, but to enjoy family and friends. For many it's a terrific place to retire.

The Future. Park City is still a beautiful, safe community with clean air and lots of robust recreational opportunities. It's also a terrific place to work. Our short 45 minute drive to the Salt Lake International Airport is 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 recover and more people enter the market there should continue to 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.



Jess Reid Real Estate

PARK CITY UTAH

435.649.3000 • 800.250.4906 • www.jessreidrealestate.com