

THE STAR VALLEY REPORT



VACANT LAND / FARM & RANCH TAKE BIGGEST HIT

Welcome to the tenth issue of the Star Valley Report. Published semi-annually, this data-driven report is the most accurate and trusted real estate news source in Lincoln 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 Star Valley.

The driving force for the investor in Star Valley in 2006-2007, vacant land sales throughout the valley hit a low that we have not seen in years. Star Valley had only 53 lot sales during 2009 in comparison to 138 sales in 2008 and 305 sales in 2007. Also feeling the weight of today's economy, Farm and Ranch had only three sales in the entire valley. We are all finding that the tightening of lending guidelines in vacant land play a significant role in the decreased number of transactions. Understandably, lenders are requiring stricter qualifications and higher down payments especially in vacant land. We suspect that the opportunities arising in a sudden decrease in home prices is leaving raw land stagnant, as a buyer can purchase the finished product at great prices without the hassle of building.

The good news however, is over the past year we have seen the inventory level shrink 37% (from 527 lots down to 333). This can be attributed to vacant landowners that have no urgency to sell taking their property off the market as a result of property values decreasing in certain areas of the valley. As we have experienced in the past, when the valley becomes less saturated with listings, we see the property values gradually start to increase again as a result of basic supply and demand.

The upside to our market is obvious, qualified buyers are taking advantage of extremely low interest rates paired with low pricing and the end result is never before seen opportunities in Vacant Land, Farm and Ranch, and Commercial properties.

Advice to Sellers: Postpone selling if you can. Wait, if you're able, until you see clear, modest upward trends. Then move...and don't be greedy. If you must sell right now, ask your Realtor what they think your property is worth under a cold, hard light, but be prepared to move down as fast as you have to in order to remain competitive. Sell "as is." Be transparent about your need to sell and don't send mixed signals. You'll find out the current market value of your property quickly.

Advice to Buyers: Figure out what a particular property is worth to you right now considering your top parameters and goals. Forget about timing the market and buying at the bottom, as there are exceptions to all trends. Come up with an offer that makes sense to you, regardless of asking price, comparables, appraisals, competitive market analyses and the unsolicited advice of your overly opinionated brother in-law in Florida

HOW STRONG IS THE STAR VALLEY MARKET? The major factor weighing on everyone's mind is "when is this recession going to end?" With only three Farm & Ranch sales in the entire valley and a 61% decline in number of vacant land transactions from 2008, sellers are facing a harsh reality. In 2009 Star Valley started to see an increase in the number of distressed properties. Three of the most common forms of distressed properties are REO's (Bank Owned Properties), Foreclosures and

Short Sales (properties that are selling for less than the loan amount). At the time of writing this report the MLS showed a total of 24 (11 REO's and 13 short sales). As a result buyers are purchasing properties being sold at knockdown prices by owners struggling to sell. Homes in Northern Star Valley were surprisingly the only area in the valley that did not see a decline in average sales price in 2009. In fact, the average sale price went up 2%. However, we do not expect for this to continue in 2010 due to the number of distressed properties coming onto the market and ultimately affecting the values of the homes listed in surrounding neighborhoods.

DISTRESSED REAL ESTATE (FORECLOSURES, SHORT SALES & REO): Everyone has heard these buzzwords and the majority of Buyers want to focus solely on these types of properties.

What is distressed real estate? It is a property that has to be sold in order to pay arrears on a mortgage. There are three types of distressed real estate: foreclosures, short sales and REO's.

What is foreclosure? Foreclosure is a legal proceeding to terminate a borrower's interest in real property, instituted by the lender, to either gain title to the property or force a sale in order to satisfy the unpaid debt secured by the property.

What is a short sale? A short sale is when the proceeds from the sale of real estate fall "short" of the balance on the loan. The lender agrees to accept less than the amount due on the loan due to financial hardship on the part of the borrower. Generally, lenders won't discuss short sale requests unless the borrower is already far behind on mortgage payments.

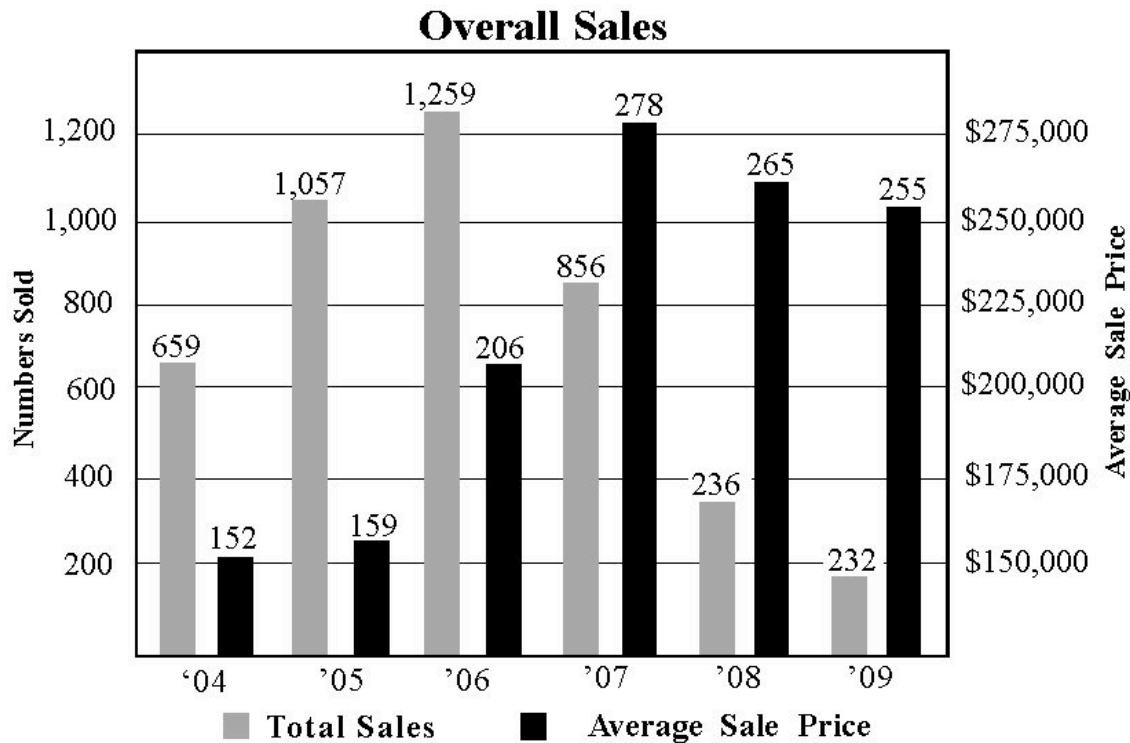
What is a REO? The property is owned by a lender (Real Estate Owned), most often a bank, and after a failed attempt at selling the property at an auction, it is returned back to the bank. After the 90-day redemption period in Wyoming the bank will most likely place it on the open market, normally below market value to get it off their books quickly.

NOTE: If you are out looking for these distressed properties you should consider the following; in 2009 only 4% of the overall sales were distressed. Of the 668 currently available listings only 3.6% are considered distressed. Buyers need to also understand a distressed sale requires lots of patience, as the average time spent to close 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 historic, as are the low interest rates. While distressed sales usually generate lots of interest and offers, the non-distressed properties are getting little attention yet many Sellers are ready to negotiate.

OVERALL MARKET IN STAR VALLEY:

The overall market for Star Valley continued to falter during 2009. We watched the total number of sales decrease to 180 (down 49% from the end of 2008) marking the lowest number of sales since the creation of the Star Valley Report. While the number of sales drastically declined we did not see much decline in the average sale price, which decreased only 2% (\$236,806 in 2008 down to \$232,671 in 2009). The median price fell 7% from \$210,000 in 2008 to \$195,000 at the end of 2009.

CURRENT OVERALL AVAILABLE INVENTORY: At the close of 2009, our current inventory was down 31% when compared to the end of 2008 (974 active listings down to 668). The decrease in inventory is a direct reflection of the sudden decrease in the number of transactions. Those that do not have to sell are pulling their listings off the market and waiting for the market to stabilize. Sellers are finding difficulty in competing with the increasing number of distressed properties and motivated sellers.



OVERALL REAL ESTATE CURRENTLY UNDER CONTRACT: There were 13 properties under contract (down 24%), as of January 1st, 2010, with an average listing price of \$560,361 (up 34%), a median listing price of \$202,000 (down 11%), and a total dollar volume of \$7,284,700 (up 14%). The rise in average price and dollar volume is due in large part to the fact that we have 1 farm and ranch property under contract with a list price of \$4,350,000.

SINGLE FAMILY HOMES VALLEY-WIDE:

2009 experienced a continued slowdown in the housing segment of the Star Valley Market. Overall, the number of home sales was down 32% when compared to 2008. Despite the decline in sales, the average price fell only 4% (\$265,194 down to \$255,611) and the median price dropped just 8% (\$245,000 down to \$226,000). The majority of transactions took place in the more affordable areas of the market and those that fall into the **FHA and WCDA** financing guidelines.

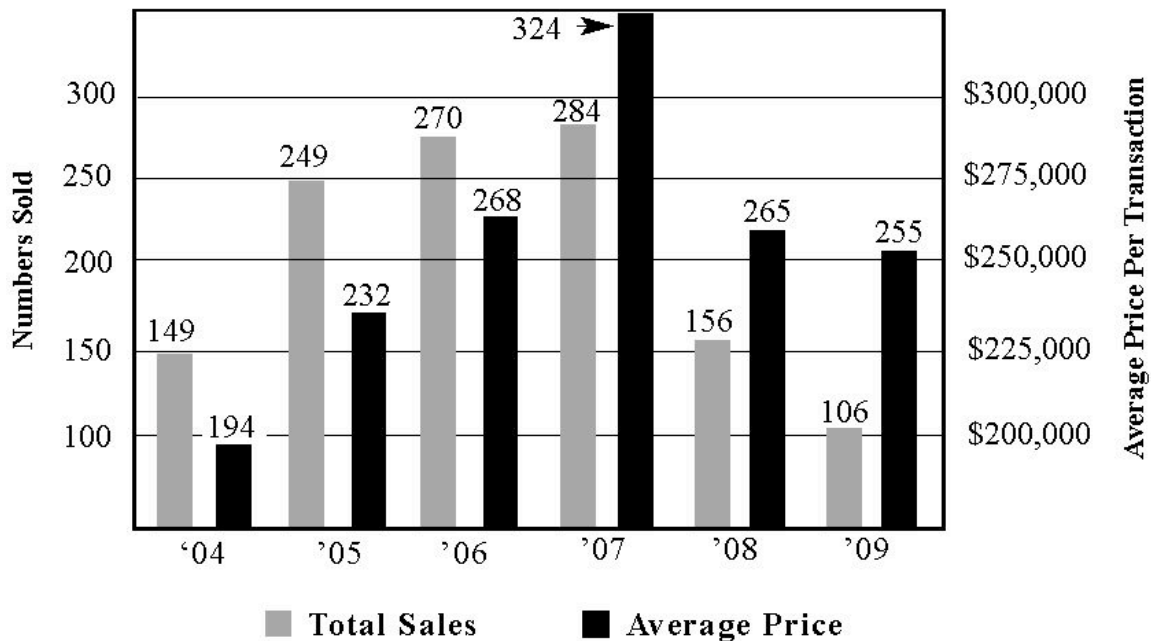
Northern Star Valley - The Alpine area continues to see activity due in part to the Jackson commuter. Nordic Ranches once again, was the leading subdivision in number of sales. The upper end of the market has suffered the most as pricing has yet to adjust and buyers are looking for the best value now more than ever. The perfect example of this is the Alpine area seeing only **3** sales in 2009 over \$500,000. The highest dollar sale in 2009 was in the Bedford/Turnerville area, 20 acres adjoining forest with a small garage/living quarters for \$825,000. We found it interesting that the average price actually went up in Northern Star Valley 2% (\$300,231 to \$305,360) while the median price fell 4% (\$280,000 down to \$270,000)

Southern Star Valley - produced only 3 less sales then the Northern end of the valley (41 to 38). However, this area did see the largest average price decline at 10% and the median price down

12%. The decline in pricing could be a factor in why the number of transactions stayed consistent throughout this end of the valley.

Star Valley Ranch sales- experienced the largest decline in the number of transactions over anywhere in the valley, down 46% with only 27 home sales. This area could be seeing a reduction in transactions due to prices becoming more affordable in the Northern part of the valley. Another factor in the decrease of home sales in this part of the valley in particular, could be a result of simply seeing less seasonal or second home buyers in today's economy. While we are experiencing increasing interest and requests to be updated, buyers are still cautious in trying to ensure they are buying at the absolute "bottom of the market". While transactions were down in the Ranch, the average price fell just 3% and the median price fell 10%.

Single Family Home Sales



OTHER VALLEY-WIDE STATS:

Under contract: 9 - with an average list price of \$276,078 and a median list price of \$219,000.

Active Listings: 223 homes with an average list price of \$378,793 and a median list price of \$295,000.

Least Expensive Listing: \$90,000. This buys you 1 acre in the Grover area with an older 2 bed 1 bath home.

Most expensive listing: \$3,650,000 - this buys you a 5800 square foot home on the banks of the Salt River in the exclusive Double L Ranch

SALES BY AREA:

Northern Star Valley had 41 sales (down 31%) with an average sale price of \$305,630 (up 2%) and a median sale price of \$270,000 (down 4%).

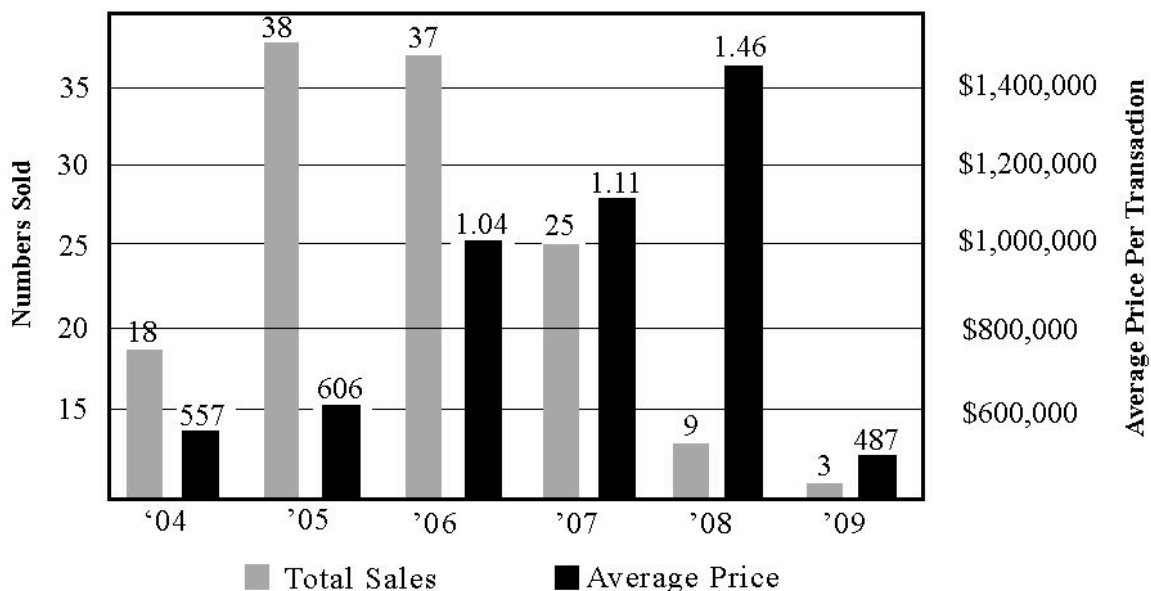
Star Valley Ranch had 27 home sales (down 46%) with an average sale price of \$266,272 (down 3%) and a median sale price of \$230,000 (down 10%).

Southern Star Valley had 38 homes sales (down 17%) with an average sale price of \$187,298 (down 10%) and a median sale price of \$165,000 (down 12%).

FARM & RANCH (35+ ACRE PROPERTIES):

VALLEY-WIDE: this segment of the market has seen the biggest decline of any in 2009. There were only three sales in the entire valley during the year, with two occurring in Northern Star Valley and one in the Southern Star Valley area. This area of the market still reflects a higher price point and as a result has not seen as much interest in 2009. We suspect that price and lending guidelines are a reflection in the significant hit this corner of the market has taken. Previously, buyers in this price range were often pulled from the Jackson market, as they found more acreage and improvements for there purchasing dollars. Although many deals can still be found in Star Valley, the decrease in Jackson prices could be playing a roll in keeping buyers from venturing out of Teton County into this aspect of the Star Valley market.

Farm & Ranch Sales



OTHER VALLEY-WIDE STATS:

Under Contract: 1 with a list price of \$4,350,000.

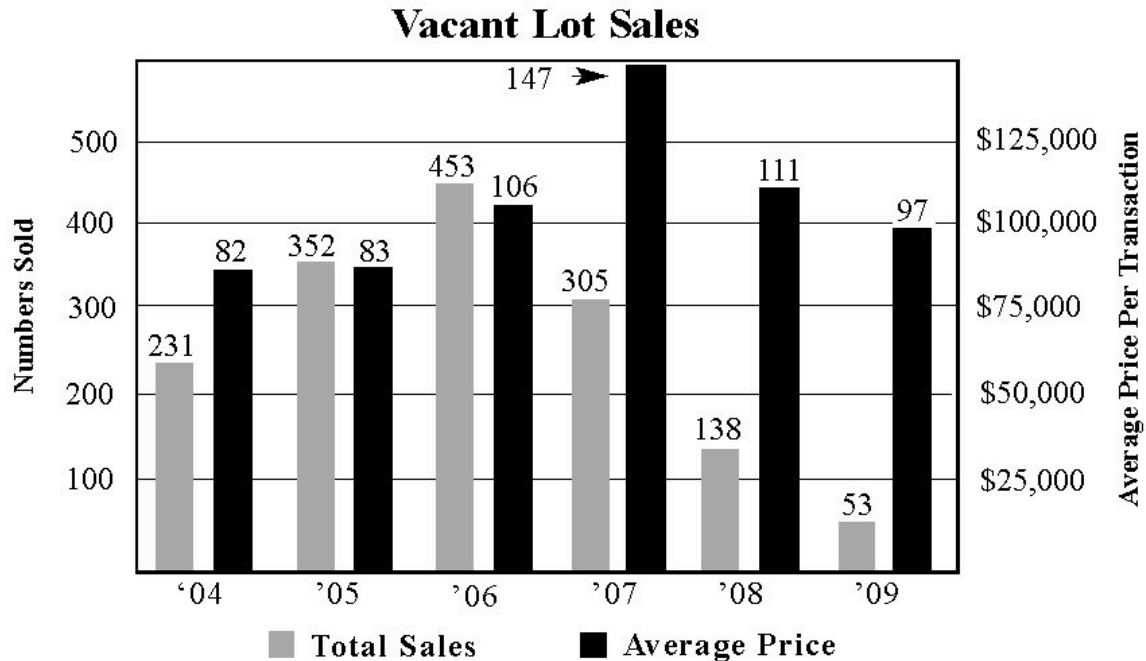
Active Listings: 25 with an average list price of \$1,892,520 and a median list price of \$1,100,000.

Least Expensive listing: \$420,000 - a 35-acre parcel in the Thayne/Bedford area.

Most expensive listing: \$6,000,000 - this buys you a home on 900 acres in the West Hills area of Afton.

RESIDENTIAL VACANT LOTS:

VALLEY-WIDE: The average sale price declined 13% (\$97,552, down from \$111,578 in 2008) and the median sale price went down 18% (\$68,000, down from \$82,500 in 2008). With the significant decrease in number of sales and pricing, vacant land reflects the area most affected by the turn in the local real estate market. Vacant land owners that purchased for short term benefits, we suggest holding on to your land until the market strengthens as the lack of transactions has caused this area of the market to get extremely competitive.



OTHER VALLEY-WIDE STATS:

Under Contract: 2 in the Alpine area.

Active Listings: 333 (down 37%) with an average list price of \$147,322 (down 23%) and a median list price of \$99,000 (down 10%).

Least Expensive listing: \$22,500 – Stewart Country Club Estates .50 acre.

Most expensive listing: \$875,000 - Double L Ranch 5.66 acre parcel.

SALES BY AREA:

Northern Star Valley had 26 vacant land sales (down 65%) with an average sale price of \$134,488 (down 8%) and a median sale price of \$110,000 (up 3%).

Star Valley Ranch had 15 lot sales (down 55%) with an average sale price of \$36,162 (down 23%) and a median sale price of \$35,000 (down 12%). We are seeing prices in the ranch fall to

late 2005 early 2006 price levels again. During this period is when prices began to rise at an astounding rate.

Southern Star Valley had 12 sales (down 57%) with an average sale price of \$74,750 (down 39%) and a median sale price of \$68,000 (down 28%).

This report was written and edited by **Carlton and Cathy Loewer, Owners & Branch Manager of Jackson Hole Real Estate Associates Alpine Office**. For more information on the overall market in Star Valley or for a free comparable market analysis, please call the Alpine office at 877-654-7575.

We hope this report will give you some sense of market trends and, as always, we are glad to discuss them further with you. This newsletter does not go into detail on every segment of the market, but is intended to offer an overview of general market conditions showing year-to-year changes in the number of transactions and the average sale prices.

JACKSON HOLE REAL ESTATE ASSOCIATES LLC has served the Star Valley for over thirty years. With the daily tracking of every single real estate transaction in Star Valley, the simple fact is **"We Know The Market Better Than Anyone"**. If you are looking for a Realtor or Appraiser, whether you are buying or selling, you owe it to yourself to talk to us before you make what could be the most important decision of your life. At JHREA our clients' and customers' best interests are paramount! Your "locally owned and operated" Real Estate Company located at 181 US Hwy. 89, in Alpine, WY across from Gunner's Pizza. You can also visit our virtual office at www.jhreassociates.com or email us for more information at info@jhreassociates.com

If you would like a more detailed analysis of specific areas or a professional Realtor who really knows the market and its trends, please email or call one of the numbers below or write to P.O. Box 3225 - Alpine, WY 83128

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- * Overall means everything either sold or on the market in all of Star Valley, which includes homes, lots, condos, commercial, farm/ranch and multi-family.
 - * 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 2008 compared to 2009.
 - * The value of any individual property may, and probably will, vary from the average indicated in these graphs.
 - * Median sale price is the cost of a property that has an equal number of similar properties above and below it on the price scale.
 - * Average sale price is the total combined dollar volume divided by the number of sales.
 - * This report is published and updated twice a year. Because of our fast moving market most of the statistics in this report are obsolete within two weeks. Therefore, you should not rely on this report to determine the value of a property, instead call me for a free market analysis.
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