



DISTRESSED SALES DICTATE THE MARKET

Welcome to the 14th 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.

Little has changed in the past 12 months here in Star Valley to indicate that we are past the challenges that the local and national real estate market faces. While we do see slight increases in sales in certain segments of the market, we continue to see pricing fall in areas. The reality is that the distressed market is still playing a major role in the pricing of property. Almost daily, we continue to see homes and land hit the market at prices well below original developer pricing and they continue to sell rather quickly. Homes and lots that have been foreclosed on and then are re-listed by the bank are selling for rock bottom prices that we never thought we would see again in this valley. These aggressively priced properties often receive multiple offers and close quickly, due in part to a large number of cash buyers.

Over the past two years we have continually written about the “distressed” market and we have done so for several reasons. The major reason is the fact that the lower list/sale price of these homes, with few exceptions, has set the market for the fair market sellers throughout the valley. The unfortunate reality is fair market sellers have to compete with these distressed properties, and therefore it directly affects the value of their home. This year’s number of **distressed sales continues to rise (34% of all sales** compared to 27% in 2010). Not included in that number are sellers who purchased during the height of the market and are now trying to sell these properties at a loss. When looking at all of the active listings, only a fraction (6%) of these properties are distressed.

HOW STRONG IS THE STAR VALLEY MARKET? The same holds true for 2011 as it was in 2010: For the buyer, now is a great time to be shopping. With inventory levels remaining steady, and motivated sellers in every segment of the market, opportunities are abundant. For those looking to take advantage of the distressed area of the market we have seen sales in vacant land for less than original developer pricing and in certain home sales, less than replacement costs.

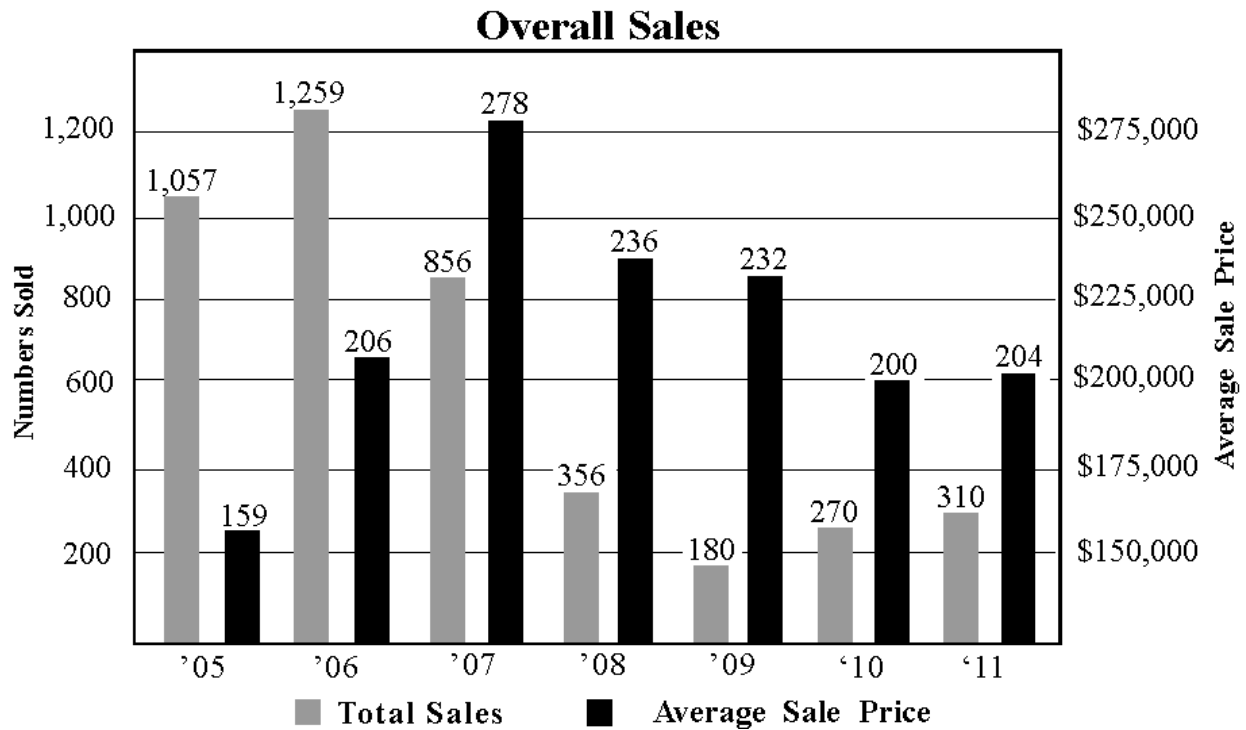
For sellers, now is the time to ask the question “do I really need to sell”? If the answer is yes, then competitive pricing is going to be the key to getting your property shown and possibly sold. If you don’t need to sell right now, then the best bet is to wait until we see signs of prices stabilizing. One of the downfalls of having to wait this time out is the fact that it may be years before we see the market begin to climb in price again.

OVERALL MARKET IN STAR VALLEY: The overall market here in the valley continues to slowly bounce back when looking at both the number of transactions and number of properties under contract at the close of 2011. The **number of sales was up 15%** and the average sale price was up 2% (\$204,520 vs. \$200,377 in 2010), whereas the **median sale price fell 15%** (\$149,000 vs. \$175,000 in 2010). On the positive side, property here in the valley is continuing to sell and hopefully pricing has hit bottom. Again, the biggest contributor to the decline in the median sale price has been the aggressive pricing of distressed properties, and buyer’s making “value” buys throughout the valley.

CURRENT OVERALL AVAILABLE INVENTORY: At the close of 2011, our current inventory was down slightly (2%) when compared to the end of 2010 (682 listings, down from 695). When looking at our current

inventory of 682 listings, and comparing it to what is currently under contract, Star Valley has a 25-month supply of real estate available for purchase. At our current pace of sales, with no new listings coming onto the market, it would take roughly 2 years to sell the inventory on hand. This is another indicator that we are in a buyer's market and will remain there for the near future.

REAL ESTATE CURRENTLY UNDER CONTRACT: At the close of 2011, there were 27 properties under contract (up 56% from 2010) with an average list price of \$269,135 (up 12% from 2010) and a median list price of \$159,000 (down 18%). Of the real estate currently under contract, 38% (10 properties) are distressed properties.



SINGLE FAMILY HOMES: 2011 brought our highest total of homes sales since 2007, which was the best year for homes sales since the creation of the Star Valley Report. **Home sales throughout the valley increased 34%** in 2011 (178 sales compared to 133 in 2010) with the average sale price falling 6% to \$228,209 (compared to \$242,172 in 2010), and the median sale price falling 22% to \$163,000 (compared to \$210,000 in 2010). The fall in pricing can be directly attributed to the aggressive pricing of fair market homes as well as the distressed market homes in the valley. In 2011 48% of the homes sold (85 homes) were distressed sales (either bank owned or short sales). The increase in the number of transactions can be due in part to competitive pricing. When homes are coming onto the market at prices unlike anything we have seen in decades, the result is always going to be an increase in sales. Many buyers have been waiting for the deals to arrive, as they have in other distressed markets around the country. That time is now in Star Valley and the savvy buyer is taking full advantage of this opportunity.

Northern Star Valley (The Hot Spot): The northern half of the valley continued to see positive gains in every segment of the market. There were 87 sales (**up 43%**), with modest increases in the average and median sale prices. The average sale price rose 6% to \$312,391 (compared to \$294,305 in 2010) and the median sale price rose 7% to \$235,000 (compared to \$220,000 in 2010). Coupled with this increase in pricing, the good news continued with 2011 having the second highest total number of home sales since we started the report, trailing only 2007 when we had 129 sales. There continues to be some great "value" buys in this area, some at pricing WAY below the replacement cost. Even though Northern Star Valley is showing positives signs in this segment of the market, it is not immune to the impact short sales and bank owned properties are having on pricing. NOTE: 46% of the homes sold in 2011 were distressed sales.

Southern Star Valley experienced a **25% increase in the number of home sales** (50 vs. 40 in 2010), yet the average sale price fell 25% (\$131,107 vs. \$174,337 in 2010) and the median sale price fell 19% (\$120,000 vs. \$149,000 in 2010). Similar to Northern Star Valley, 35% of the sales were considered distressed at one point in 2011. This area has also experienced an increase the number of sales, due mainly to competitive pricing. Southern Star Valley is also an excellent area to get more acreage and square footage for your money.

Star Valley Ranch had a **32% increase in the number of home sales** for 2011 (41 vs. 31 in 2010). The average sale price fell 28% (\$162,303 vs. \$225,853 in 2010) and the median sale price fell 34% (\$150,000 vs. \$226,900 in 2010). Of the 41 sales in 2011, 46% (19 sales) were considered distressed. The Ranch has been the hardest hit in the valley, with respect to declining prices. The Ranch is saturated with listings, due mainly to the lack of homebuyers purchasing retirement or vacation homes. This increase in listings is creating competitive pricing and some amazing deals throughout the Ranch.

OTHER VALLEY-WIDE STATS:

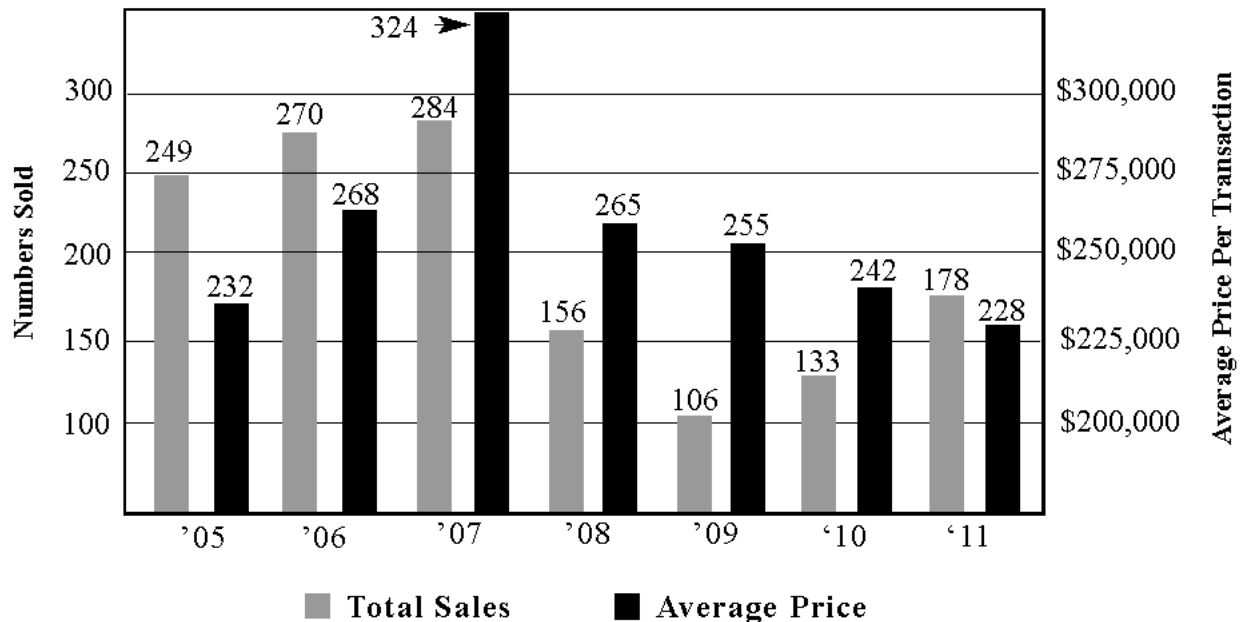
Homes Under contract: 20 with an average list price of \$285,085 and a median list price of \$167,500.

Active Home Listings: 213 homes with an average list price of \$357,683 (up 3%) and a median list price of \$255,000 (down 2%).

Least Expensive Home Listing: \$31,900, this buys you an older mobile home on 3.23 acres in the Auburn area.

Most expensive listing: \$3,550,000 – this buys you a 5800 square foot home on the banks of the Salt River in the exclusive Double L Ranch.

Single Family Home Sales



RESIDENTIAL VACANT LOTS: After an increase in the number of vacant land transactions (2010 vs. 2009), 2011 brought a **28% decrease in the number of sales** valley wide (57 vs. 79 in 2010). The average sale price rose 21% (\$106,773 vs. \$88,442 in 2010) while the median sale price decreased 20% (\$40,000 vs. \$50,000 in 2010). The rise in the average price can be attributed to several high dollar sales in the Alpine area.

There are several reasons for the slowdown in vacant land sales the past couple years:

- The economy: In years past, vacant land was a “safe” long term investment realizing appreciation while today investors may choose to hold on to cash.
- Lack of building: Speculative building during the real estate boom of 2005-2007 played a major role in vacant land sales throughout the valley.
- Lack of development: Developers are leery these days to purchase large tracts for development. Current inventory, development cost, and lack of buyers are making it tough for the developer to justify subdividing land.
- Lack of financing options: Banks are requiring more down payment today to finance vacant land. One option for buyers today is to pursue owner financing options if they are in the market for raw land.

SALES BY AREA:

Northern Star Valley had 41 vacant lot sales (down 15%) with an average sale price of \$123,822 (up 17%), and a median sale price of \$40,000 (down 20%).

Southern Star Valley had 2 sales (down 86%) with an average sale price of \$85,000 (up 19%).

Star Valley Ranch had 13 lot sales (down 8%) with an average sale price of \$18,875 (down 34%) and a median sale price of \$18,000 (down 18%).

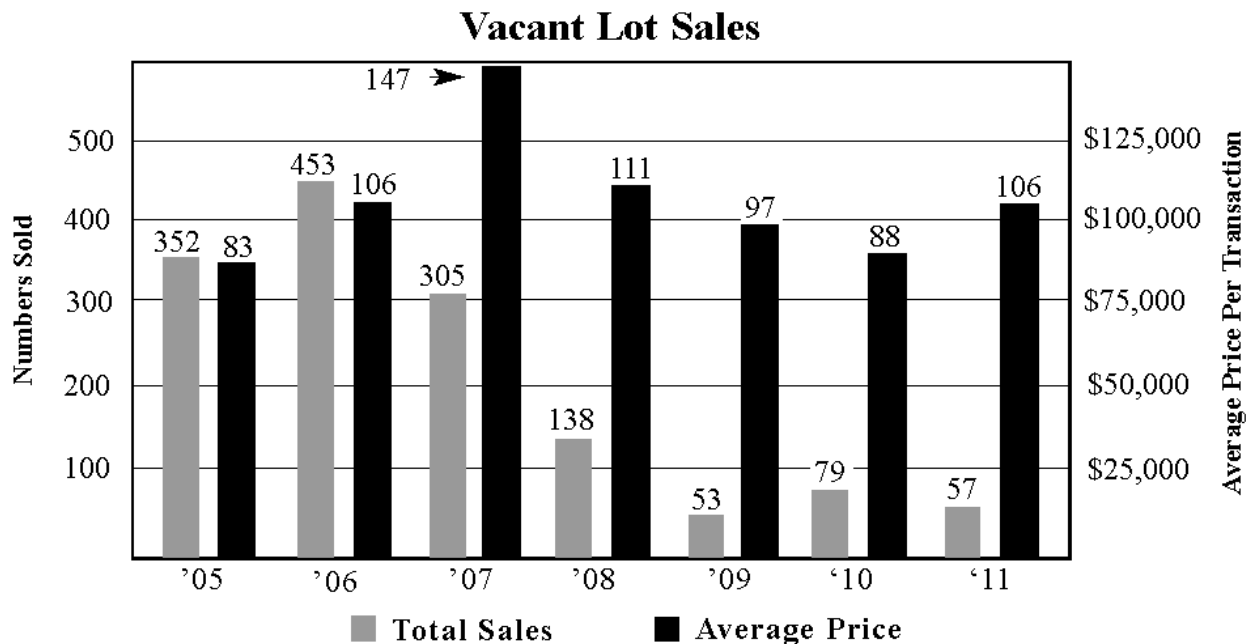
OTHER VALLEY-WIDE STATS:

Lots Under Contract: three lots; one in Northern SV, one in Southern SV, and one in SV Ranch.

Active Lot Listings: 336 (up 3%) with an average list price of \$124,799 (down 10%) and a median list price of \$79,000, down 20% when compared to the same period in 2010.

Least Expensive Lot Listing: \$10,000 – a .14-acre lot in Thayne

Most Expensive Lot Listing: \$1,350,000 – 8.5 acres in the Double L Ranch (Etna area).



FARM & RANCH (35+ ACRE PROPERTIES): Farm and ranch properties continue to see little interest the past couple of years. There were three sales for 2011, with only one of those reported to our MLS. The lack of interest can still be attributed to the higher asking prices that larger tracts of land tend to garner, and fewer buyers searching for ranch style properties, or large parcels of raw land. Although many

deals can still be found in Star Valley, this type of buyer is still holding back in today's market. We have seen an increase in the number of buyers interested in investment properties, such as rental homes and or apartment complexes. This shift in the Buyer's focus is probably playing a part in why we are seeing fewer sales in Farm and Ranch, and more interest in distressed homes.

SALES BY AREA:

Northern Star Valley had one farm and ranch sale.

Southern Star Valley had two farm and ranch sales.

OTHER FARM & RANCH STATS:

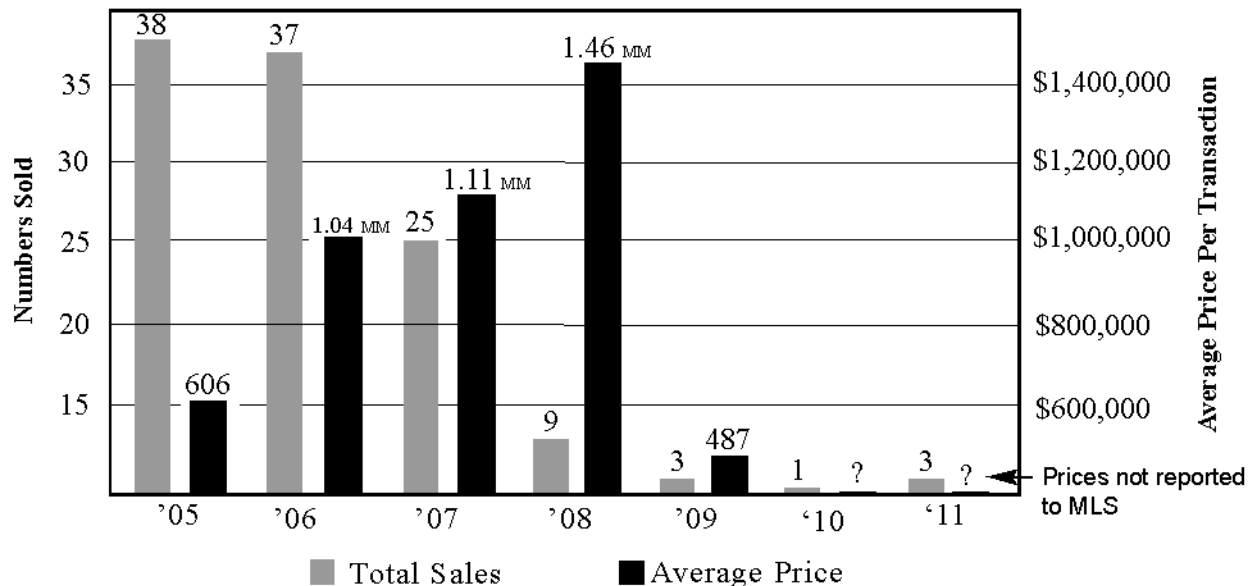
Under Contract: two, with both in Southern Star Valley.

Active Listings: 31 with an average list price of \$1,402,983 and a median list price of \$795,000.

Least Expensive listing: \$180,000 – a 40 acre parcel in the Bedford area.

Most expensive listing: \$4,720,000 – this buys you a home on 590 acres in the Thayne area.

Farm & Ranch Sales



This report was written and edited by **Carlton and Cathy Loewer 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 experts in the market at our Alpine office (877-654-7575).

JACKSON HOLE REAL ESTATE ASSOCIATES LLC has served the Star Valley area for over thirty-two 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 Tootsie's Pizza. You can also visit our virtual office at www.jhrea.com or email us for more information at info@jhreassociates.com

It is very clear that buyers and sellers demand to stay informed of market conditions. We offer several services that will keep your finger on the pulse of our local real estate market, from daily email updates, weekly distressed properties list, a free market analysis of your property, to quarterly price updates on your Star Valley property. Please contact us to learn more about the programs and services we can provide. Be

sure and also check out our new website www.starvalleyrealestate.com for the latest listings and news about our local market.

Christie's International Real Estate is the only real estate network wholly owned by a fine art auction house. The network is uniquely positioned to follow the footprint of its parent company, Christie's, into the growing markets of the Middle East, Russia, and China, as well as established economies across the world, most notably North and South America and Europe. The new name further underscores that the values that distinguish Christie's—commitment, expertise, integrity, discretion, and five-star customer service—are likewise embedded in the company's luxury residential property specialists.

Christie's International Real Estate represents some of the most prestigious trophy properties in the world, which include estates, resort properties, second and third homes, and super-prime new-build developments. Properties have included Lord Andrew Lloyd Webber's Trump Tower Residence in New York City; Lyons Demesne, the historic Irish landmark fully restored by Dr. Tony Ryan; Ingmar Bergman's island retreat in Sweden; and the Astor Beechwood Mansion in Newport, Rhode Island. Among the most valuable properties currently in the Christie's International Real Estate portfolio are Palais Montmorency on Avenue Foch in Paris, France, valued in excess of US\$100 million, and Cornwall Terrace, the historic Grade I-listed Regency terrace in The Regent's Park, London, which was recently voted the most significant luxury property development in the United Kingdom.

News from the Christie's Network

Christie's International Real Estate GLOBAL AFFILIATE OF THE YEAR 2011

Jackson Hole Real Estate Associates named Global Affiliate of the Year: "This year, Small is Mighty."

With those words, I announced Jackson Hole Real Estate Associates as the Christie's International Real Estate Affiliate of the Year for 2011 in London last month. Your trusted property advisors in Jackson, your friends, and your neighbors were duly recognized worldwide for excellence in marketing and client service.

Affiliate of the Year is the highest honor bestowed to brokerages in the Christie's International Real Estate global network. Deserving semi-finalists this year hailed from Jupiter Island and Boca Raton, Florida; Lugano and Ticino, Switzerland; Stockholm, Sweden; Montreal, Canada; Atlanta, Georgia; and Washington, D.C.

Among the contenders for the award was the esteemed firm of Hilton & Hyland in Beverly Hills, California, which achieved the network's top sale of Candy Spelling's estate to Formula One heiress Petra Ecclestone for \$85 million this summer. Jeffrey Hyland was among the first to congratulate the Partners and Brokers of Jackson Hole Real Estate Associates on their company's success.

Jackson Hole Real Estate Associates would be honored to support you in the purchase of your next important property or the careful sale of your distinguished home. I am confident that the company and its brokers will provide you with the expert, trusted advice and customer service together with the worldwide marketing excellence of luxury residential property, which distinguishes Christie's International Real Estate.

Neil P. Palmer, MRICS
Chief Executive Officer

Clayton Andrews Appointed to Head Central Region. We are delighted to welcome Clayton Andrews as Senior Vice President and General Manager of the Central Region. Clayton assumes responsibility for our existing Affiliate and Bespoke relationships in the Central Region, and aims to significantly expand this important business to the benefit of our global network. Clayton brings to his position more than two decades of luxury residential real estate experience. From 1991-2003, he served as a partner and member of the board of directors for Jackson Hole Realty in Wyoming. He sold his company to Sotheby's in 2003, becoming Executive Vice President and Chief Operating Officer for the Mountain Region, overseeing more than 400 brokers and growing his area into a market leader.

Jackson Hole Real Estate Associates is the regions largest locally owned and operated real estate brokerage. As the exclusive affiliate of Christie's International Real Estate, **Jackson Hole Real Estate Associates**

provides access to a worldwide audience with more than 1000 real estate offices in 42 countries and transactions resulting in over \$125 billion annually. The reputation of Jackson Hole Real Estate Associates for exemplary client service and market knowledge combined with the power of Christie's International Real Estate, the largest network of independent real estate firms, offers a synergy between local strength and global networking. By cultivating this unique balance of worldwide scope with a personal touch, through Christie's International Real Estate, Jackson Hole Real Estate Associates has become a global authority on the effective marketing of fine properties. Finely tuned marketing services, and a commitment to the business philosophy established by Christie's in 1766, define a brand based on trust, integrity, discretion, and excellence.

THE STAR VALLEY REPORT is published semi-annually and posted on the world-wide web. While others attempt to report on our market with MLS statistics only (MLS historically tracks 65-70% of the market) we track every single transaction in northern Lincoln County. This data-driven report is the most accurate and trusted real estate news source in Lincoln County, Wyoming. If you would like to sign up for these semi-annual email updates, or need more detailed information about our market, feel free to either call or email us at one of the numbers below. You can also find "The Star Valley Report" online at www.starvalleyreport.com

Whether you are pricing your property to sell in this competitive market, or deciding when the right time to buy is; rest assured that when you are our client, you will have current market statistics, an impeccable level of service and personal attention that will give you the upper hand. For a free no-obligation comparative market analysis please email info@jhreassociates.com

We hope this report has given you a snapshot of market trends and, as always, we would be glad to discuss them further with you. If you plan to list your property this fall, would like a more detailed analysis of specific areas, back issues of **THE STAR VALLEY REPORT**, or a professional Realtor to represent you in your next real estate transaction, please call or email one of the numbers below or write to P.O. Box 3225, Alpine 83128.

Sincerely,

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— ASSOCIATES —

EXCLUSIVE AFFILIATE OF
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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 2010 compared to sales in 2011.

*Median sale price is the cost of a property that has an equal number of sales above and below it on the price scale.

*Average sale price is the total combined dollar volume divided by the number of sales.

*The word "Overall" in this newsletter refers to all sales in northern Lincoln County combined (homes, lots, condos, commercial and ranch).

*The term "Market Value" means; the value of a property in terms of what it can be sold for on the open market; current value.

*While other local Real Estate Brokerages attempt to report on the local Star Valley real estate market, Jackson Hole Real Estate Associates LLC is the only company to track every single transaction. Therefore, if you want the most accurate information to help guide you through your next real estate transaction, call us today. **"We are the Experts"**.

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