



Year-end statistics confirm it's a buyer's market

Transactions same as in '09, but sale prices declined

Andrew Kirk, Of The Park Record
The Park Record

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The Park City Board of Realtors' 2009 year-end report reveals total sales volume for the greater area were down 17 percent from the previous year.

Still, some areas saw improvement, but not all Realtors believe that's evidence of recovery quiet yet.

The Board of Realtors' press release puts the 17 percent decline in context: Vail, Colo. was down 60 percent. Park City fared better because it's a residential or bedroom community as much as a destination resort town, explained board president Mark Seltenrich.

Park City-area Realtors are finding willing buyers, as evidenced by the fact that 2009 actually saw nine more single-family home sales than the year before probably more if not for the frozen credit market.

The reason total sales volume was down is two-fold: the total number of transactions of all types of property was down 18 percent, and second, because those buyers with financing are still looking for the best deals, Seltenrich said.

The median price in Park City dropped from \$1.8 million to \$1.385 because more homes sold in the lower price range than in the upper.

The bad news is that across the board property values have dropped 30 percent from the peak in 2007, Seltenrich said. But the good news is that Park City has never been more affordable. That's not tongue-in-cheek, he emphasized, because looking over the span of a decade, Park City real estate has proven to be an incredibly rewarding investment. Like any stock market, there are swings and we're currently in a down period. When looking at the big picture, however, a down market is a great time to buy.

Unfortunately, many people bought in 2005 or 2006 and now owe more on their loans than the property is currently worth. Some of these are distressed mortgages and foreclosed homes or lots that sell for less. Consequently, that drives the entire market down.

For example, some speculation builders have had to abandon projects in Promontory. Buyers who normally would buy in Park Meadows now take advantage of a great deal outside of town. That hurts Park Meadows because demand has dropped; it also lowers appraisals for Promontory because the property was sold at a distressed price, Seltenrich explained.

All in all, 2009 was a tough year. But 2010 is off to a good start and Seltenrich said he believes it will be an improvement.

Thomas Wright, head of Summit Sotheby's International in the Park City area, said a lot of different kinds of buyers have been taking advantage of the area's lower prices. Outlying communities have enjoyed activity from first-time buyers, and sophisticated shoppers are trying to get the most for their money.

Unfortunately for Realtors, that creates a lot of competition. The recession has been hard on the profession, he said. Still, many are optimistic that the buyer's market will bring the community back to a healthy balance. Seltenrich said he knows of people who have recently joined the profession because of the recession. Just because times are tough doesn't mean anyone has given up, he said.

But Wright does believe foreclosures and short sales are having a bigger impact on the market than many will admit. The numbers he's seen suggest Park City is on par with the rest of the nation.

Broker Jess Reid said he was surprised that the year-end statistics show improvement in some areas such as increased sales within Park City limits.

Although he, too, is hopeful for the future, his own experience suggests there's nothing positive to report about 2009.

His company still turned a profit, and there were successes, but he doesn't want anyone to get the wrong idea that it's time to raise prices again.

"Most businesses will say it doesn't feel like a recovery," he said. "Looking at the graphs and statistics from the (Board of Realtors), I don't think they're representative of the year we've had."

Reid said he's triple-checked the numbers, and they're right, but he thinks a few good sales in a few select developments are skewing the numbers to be more positive than they really are. Also, some deals made two or three years ago were completed in 2009, helping the numbers for the wrong year.

He's aware of how bad that sounds, but he said he wants his clients to have the best information possible when making decisions. And like Wright and Seltnerich, Reid said the information is telling Realtors that there has never been as much inventory, and as much high-quality inventory, as right now. Reid also said he keeps mentally comparing the current economic conditions with the recession in the 1980s, which lasted a long time, but wasn't as "mean" as the current one. He said sellers haven't been as flexible as they are now since that recession.

"It's a good time for people to come off the fence and buy," he emphasized.

As much as it sounds like a positive spin for Realtors, it's bad news for homebuilders.

Jason Moore, president of Park City Area Homebuilders Association, confirmed that the more and the better available inventory, the fewer new homes get ordered.

Firms like his that do custom homes still have work, but speculation developments are non-existent, he said.

"There's a lot of product out there," he explained.

Many homebuilders are paying the bills by doing renovations helping people improve what they already have since it's not a good time to sell and find something fresh. Unfortunately, subcontractors need work as well, and are competing with the general contractors for these types of jobs.

"There are a lot of hungry people out there... and really competitive labor rates," Moore said.

As is common in this environment, he's seen subcontractors low ball the competition, then be unable to finish the job.

"It's definitely tough out there, no doubt about it," he added.

The Stats

Total Sales Volume

2008: \$1.03 billion

2009: \$858 million

Difference: -17 percent

Single Family Homes

Transactions in 2008: 498

Transactions in 2009: 507

Difference: +2 percent

Sales

Park City: +7.4 percent

The Basin: -14 percent

Heber Valley: +18

Kamas Valley: +29

Median Price in Park City

2008: \$1.8 million

2009: \$1.4 million

Difference: -23 percent

Median Price in The Basin

2008: \$700,000

2009: \$670,000

Difference: -4 percent

Median Price in Heber Valley

2008: \$350,000

2009: \$307,500

Difference: -12 percent

Median Price in Kamas Valley

2008: \$360,000

2009: \$270,000

Difference: -25 percent

Condominiums

Transactions in 2008: 390

Transactions in 2009: 486

Difference: -20 percent

Sales

Park City: -28 percent

The Basin: -16 percent

Heber Valley: +40

Median Price in Park City

2008: \$825,000

2009: \$745,000

Difference: -10 percent

Median Price in The Basin

2008: \$430,000

2009: \$327,000

Difference: -24 percent

Land

Sales: -44 percent

Median Price in Park City

2008: \$917,500

2009: \$725,000

Difference: -21

Median Price in Heber Valley

2008: \$375,000

2009: \$275,000

Difference: -27 percent

Median Price in Kamas Valley

2008: \$255,000

2009: \$236,000

Difference: -7.5 percent

Source: Park City Board of Realtors End of Year Statistical Report

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