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Serving Summit and Wasatch Counties

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January, 2023 – After two of the most volatile years in real estate, triggered by the global pandemic that was COVID-19, sales numbers are returning to pre-pandemic levels. Sales prices are not.

The past two years caused huge swings in market reports as the mandated isolation to prevent the spread of the virus forced offices to close, employees to quarantine, and stock in online conferencing services skyrocketed. Those trends are all reversing direction, and the Park City real estate market is reflecting those changes as the market returns to a more “normal” seasonal pattern.

- Listing inventory is rising – In December '21 only 539 residential properties and lots were for sale. By December '22, that number rose to 1,263 (but was still 37% below the Dec-2019 figure of 2,011)
- Prices are starting to level off – Within Park City limits, sale prices jumped 35% during 2021. In 2022 they continued to increase, but at half that annual rate.
- Mortgage interest rates are trending downward – In late October, the average 30-year fixed rate was 7.08%. By the end of December, it had dropped to 6.48% and was headed down more.
- Buyers are becoming more hesitant to make instant offers above the asking price and sellers are reacting by lowering those asking prices albeit at a slower pace. In Q3, 763 listings had at least one price reduction. In Q4, that number was 375. Price reductions in Q3 averaged 6.4% versus 5.7% in Q4.

Sale prices for single-family homes in the primary market area of Summit and Wasatch Counties as reported by the Park City Board of REALTORS® Multiple Listing Service for the year ending December 31 showed moderate increases in both average (Up 2%) and median (Up 3%). For the year earlier, those increases were 28% and 24% respectively.

The rate of sales (number of units sold) dropped 29% for single-family homes and 27% for condominiums from the year prior. Fears that the country might be headed into a recession, reinforced by a continuing push by the Fed to raise interest rates and stop inflation, and other negative indicators (gas prices), slowed sales across the region. However, an assisting driver of lower sales numbers continued to be the lack of inventory – agents cannot sell what owners will not offer for sale.

Park City neighborhoods vary widely in price comparison and the Q4-year over year results continued that pattern.

For Single Family homes, all but one of the major areas that make up the greater Park City market showed drops in units sold through 4th quarter of 2022 versus 2021. The exceptions were in Silver Creek Village where a boom in new construction pushed sales totals 200% higher than in 2021, and in the South Jordanelle area where the new Benloch Ranch development accounted for 68 of the 85 sales in the \$1 to \$2 million range. Interest is growing in anticipation of the Mayflower Mountain resort project opening for the 2024-25 ski season. Sales in the Jordanelle area increased 78% over the previous year, albeit at a lower median price point of \$1.6 million, down from \$2.3 million the year prior.

Condo sales across the entire market range followed a pattern similar to single-family homes. Total sales volume declined in all areas primarily due to a lack of inventory to sell. Within Park City limits, condo sales

volume was down 44% but median sale prices rose 15% to \$1.5 million. In the Snyderville Basin, total sales volume climbed 32% because average and median prices both rose by nearly 50%.

The inventory of vacant land listings dropped from 902 in mid-2019 (before Covid hit) to 275 in Spring-2021 (just before vaccines became available). That number has increased steadily through the end of 2022 when we had 525 listings. Some buyers who bought vacant lots in years past with the intention of building in Park City found years later that the cost of construction (materials and labor – both in short supply because of Covid) had increased so much that they delayed construction hoping for costs to return to normal. Some are putting those lots back on the market. At the same time, the increased demand for housing has spurred developers to break ground on projects that were delayed by the pandemic as well. The combination of those two trends is reflected in the number of new-construction listings which increased by 240% from 2019 to 2022.

Comparing the 12-months ending December 31, 2022, to the same period in 2021:

- New residential listings (single-family and condo) year-to-date are showing signs of recovery after a lengthy period of decline. For the twelve months ending December 2022, total new residential listings were 2,997, down just 80 from the same period the year before.
- The market is cooling off after an overheated two years of sales. PCMLS members signed 2,140 purchase contracts in 2022, 43% fewer than the previous year (3,765)
- With New Listings running slightly higher than Pending contracts, available inventory started to increase. Only 265 residential properties were active at the end of 2021. That number boomed to 738 as of December 31, an increase of 178% year over year.

Overall, how did the local market fare? Here is our take on the total year-long results reported on a rolling year-over-year basis for the period ending December 31, 2022. *(Note: only areas with 10 or more sales are considered in the tally and reporting.)*

Single Family Homes

Sales units across the primary market area (Summit & Wasatch counties) dropped 29%. A 3% rise in median sales price to \$1.6M was not enough to offset the volume drop. Total sales volume declined 27% from the prior year. Through Q4-22, the \$2.21 Billion in total sales was down from the Q4-21 Y-o-Y total of \$3.04 Billion.

Highlights of the single-family home market:

- Within Park City Limits, total unit sales were down 47% over 2021 to 115 units but sales volume declined just 38% to \$530 million this year.
- The median price of a single-family home within Park City limits rose 18% to \$3.9 million.
- In the popular Old Town area, units were down 59% (76 to 31) as the median price set a new record above \$3.9 million (+57%).
- Snyderville Basin residents followed the prevailing market with sales volume (down 35%) on a respectable gain in the overall median price up 12% to \$2.1 million.
- All but two Snyderville neighborhoods (Kimball Junction and Silver Creek South) saw declines in units sold with Jeremy Ranch dropping the most (62%) to 24 units. Silver Creek South had the biggest gain with 34 homes sold, more than triple the previous total. One-third of overall sales volume in the Basin was in Promontory (\$276 million)
- Jeremy Ranch saw the biggest price increases with the median rising 43%. The median sale price in Jeremy Ranch rose to \$2.4 million. Canyons Village held on to the top position with a median price of over \$11 million.
- Among the outlying areas, the Kamas Valley showed a substantial median price increase of 47%.

Despite fluctuations in the regional markets, Single Family sales activity in the primary market area was markedly down compared to the year prior with sales volume off 34% while median prices were up 14% year over year.

Single Family Summary End of Q4 2022	Qty Sold	% Chg	Sales Volume	% Chg	Average Price	% Chg	Median Price	% Chg
Park City	115	-47%	530,511,346	-38%	4,613,142	19%	3,900,000	18%
Snyderville Basin	277	-39%	830,379,355	-35%	2,997,759	7%	2,128,995	12%
Jordanelle	148	78%	315,061,935	44%	2,128,796	-19%	1,633,150	-31%
Heber Valley	245	-31%	333,005,696	-29%	1,359,206	2%	990,000	10%
Kamas Valley	104	-26%	168,313,300	-2%	1,618,397	33%	1,247,750	47%
Wanship/Hoytsville	47	-16%	41,267,500	-11%	878,031	7%	650,000	-7%
Total Primary Market Area*	936	-29%	2,219,304,135	-27%	2,371,051	2%	1,600,000	3%
Total Overall MLS Area	1,071	-29%	2,385,192,400	-27%	2,227,070	3%	1,490,000	3%

* Primary Market totals include only Summit and Wasatch counties.

Condominiums

The condominium market across the entire Wasatch Back continued to report even more and larger median price increases than did the single-family market. Every major area across the region reported increases of 15% or more with the overall average increasing by 35%.

- The Condo market in the Old Town neighborhood paralleled the single-family numbers with unit sales and volume down on a gain in median price of 15%. The median price of a condominium sold in Old Town is now \$1.5 million.
- Price gains were nearly uniform across all neighborhoods, with only Upper Deer Valley Resort declining by a small fraction. Old Town, Park Meadows and Prospector led the gainers, up 46% or more.
- In the Snyderville area, outside of perennial volume leader Canyons Village, Silver Creek South and Silver Springs led in sales volume increases (224% and 59% respectively) while all other Snyderville neighborhoods saw sales decline due to lack of inventory.
- In Wasatch County, (areas with 10 or more sales are reported) Jordanelle Park showed the largest gains in sales volume over the prior year (up 68%) despite a slight decline in median price, down 3% to \$934,000.

Condominium Summary End of Q4 2022	Qty Sold	% Chg	Sales Volume	% Chg	Average Price	% Chg	Median Price	% Chg
Park City	284	-44%	567,554,396	-38%	1,998,430	11%	1,500,000	15%
Snyderville Basin	489	-8%	627,391,523	32%	1,283,009	44%	1,075,000	51%
Jordanelle	206	-30%	224,441,103	-13%	1,089,519	25%	973,602	22%
Heber Valley	33	-38%	21,672,585	-15%	656,745	37%	495,000	27%
Kamas Valley	4	100%	2,223,500	114%	555,875	7%	592,500	14%
Total Primary Market Area*	1,016	-27%	1,443,283,108	-14%	1,420,554	18%	1,100,000	35%
Total Overall MLS Area	1,046	-28%	1,460,318,108	-15%	1,396,098	18%	1,070,625	34%

* Primary Market totals include only Summit and Wasatch counties.

Vacant Land

After the explosive growth we saw in 2020 (up 158% in sales volume) and 2021 (up 73%) this past year land sales slowed with overall volume dropping 41% in the primary market area. Every major area showed drops in units sold. Total sales volume dropped in all areas except Wanship/Hoytsville where sales volume was up 9% while units sold was less than half of the previous year. One-third of the sales were in the new luxury development of Wohali near Echo Reservoir southwest of Coalville. The median sale price on these lots was more than \$1 million in an area where lots traditionally sold for \$150-300,000. That tripling of sale prices from the year prior accounted for the sales volume anomaly.

- Jordanelle showed the most activity selling 329 lots this past year. The median sale price was \$653,000, up slightly from the year before.
- Overall land sales in Summit and Wasatch counties were down 41%, as supply decreases and steady demand pushed the median sales price for lots region wide up 14% to \$670,000.
- All the major areas of the market saw a drop in units sold. Snyderville, Heber Valley and Wanship/Hoytsville were hit the hardest, dropping by half from the previous year's total.
- Only 32 lots sold within the Park City Limits, but that lack of available lots resulting in scarcity, coupled with high demand kept the median sale price for the few that did sell just below 2 million.

Land Sales Summary End of Q4-2022	Qty Sold	% Chg	Sales Volume	% Chg	Average Price	% Chg	Median Price	% Chg
Park City	32	-20%	72,078,000	-12%	2,252,437	10%	1,967,500	4%
Snyderville Basin	102	-59%	142,904,600	-56%	1,401,025	9%	1,087,500	40%
Jordanelle	329	-24%	307,882,190	-9%	935,812	20%	653,600	2%
Heber Valley	115	-53%	79,399,175	-44%	690,427	20%	525,000	39%
Kamas Valley	66	-37%	33,726,900	-59%	511,013	-35%	382,500	9%
Wanship/Hoytsville	34	-56%	19,987,750	9%	587,875	149%	357,500	190%
Total Primary Market Area*	678	-41%	654,163,615	-34%	964,843	13%	670,400	14%
Total Overall MLS Area	723	-40%	707,313,015	-33%	978,303	13%	665,000	12%

* Primary Market totals include only Summit and Wasatch counties and are not totals for all areas.

Opinion and Observation

What do Park City agents see coming in the next year? Here are a few observations about the important market results that point the way, coming from those with their fingers on the pulse of the market.

- The trend for more people to become remote workers during the pandemic increased demand for homes in greater Park City. Now that corporations in general are asking workers to return to the office, potentially more homes will become available, which would increase inventory and depress prices.
- Generally, agents report that the erratic effects of the Covid Pandemic are largely behind us. Inventory is returning to normal, sales levels are flattening out, and prices elevated during the high-demand virus influenced period are holding steady or continuing to rise, but at a slower rate.

ON SINGLE FAMILY HOMES

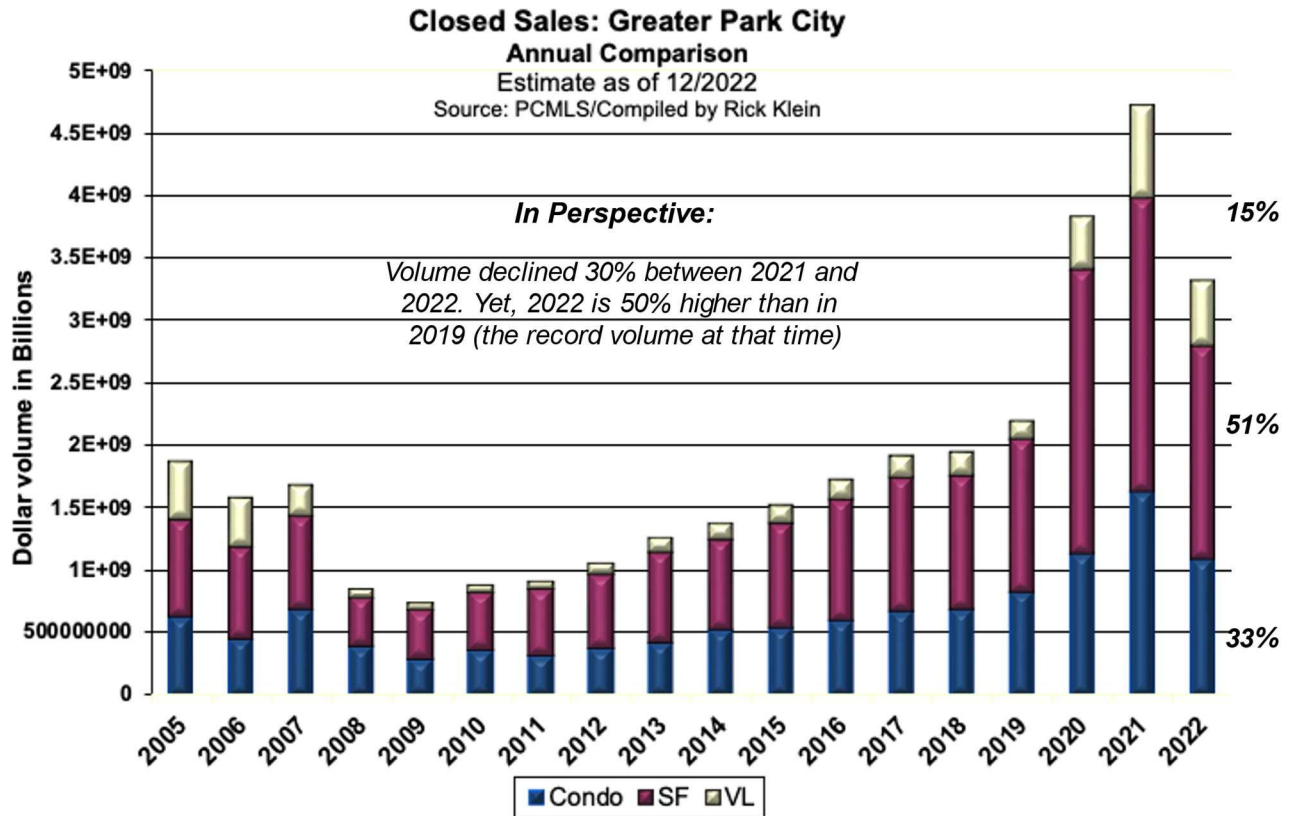
- Very few Owners are willing to give up their 3% mortgages by selling, when they have to re-buy at 6-7% money. This will continue to create downward pressure on inventory.
- Large corporations are requiring folks return to the office. That will affect the market if they have to sell and go back to wherever they came from.
- Buyers from high tax states are still looking for an opportunity to move to areas like ours, with reasonable taxes and our wonderful Park City Lifestyle.
- National media are reporting the difference between 20, 21 vs. 2022 rather than how 2022 compares to a more normal period in 2013-2019. This is what is injecting fear into the market. The Park City market is somewhat insulated due to steady demand and limited inventory.
- There is significant inventory being planned in Heber Valley that will probably come to market in the next year. Watch for a jump in activity around Heber City, particularly to the north of town where there is significant new construction happening.
- We are slowly returning to a more balanced market, much closer to what was happening pre-COVID, both in terms of number of sales and sale prices.
- It's important not to use the broader market trends to paint every local neighborhood. The market is highly segmented, and each neighborhood in Park City has unique values, and unique pricing trends.

Overall Market	2021 Full Year		2022 Full Year		Changes Year over Year	
	Units	Volume	Units	Volume	Units	Volume
SFH	1,507	3,267,521,618	1,071	2,385,192,400	-29%	-27%
Condo	1,459	1,722,577,764	1,046	1,460,318,108	-28%	-15%
Land	1,206	1,048,239,960	723	707,313,015	-40%	-33%
TOTAL	4,172	6,038,339,342	2,840	4,552,823,523	-32%	-25%

In a superb example of how dramatically this market is changing, Rick Klein, long-time, frequent contributor to our agents' understanding of the magnitude of the changes in the local market, showed the changes in total property sales over the past four years. Although total sales in 2022 are markedly below either 2020 or 2021, they are not bad when looking at the trend over the past 10 years. In fact, they are higher than in any year EXCEPT 2020 and 2021.

Demand: Existing Sales

Rick J. Klein
801 558 5626

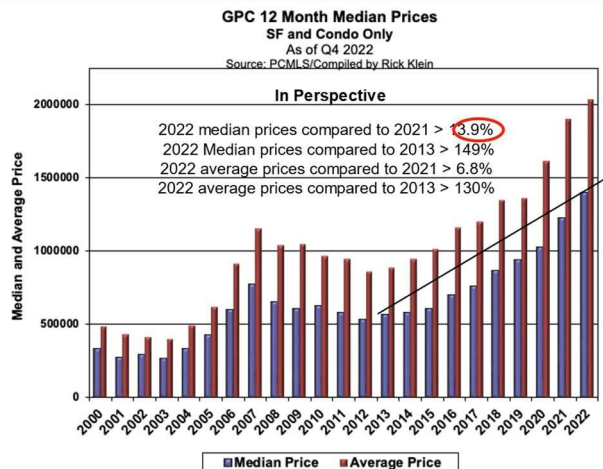


The topic that generates the most questions is Pricing. Will the huge uptick in median sale prices continue, and if so for how long?

Looking at residential sales only, the chart at the right shows how dramatically prices have climbed not just in the past three years but over the past 10 years. Prices have climbed 4 to 6% this year over last. But since 2013, the average has risen 130% and the median 149%. That makes the 10-year average price appreciation 13 to 15% per year. Real estate in the Wasatch Back looks like a very strong investment over the long run with no signs of slowing down.

Prices

Rick J. Klein
801 558 5626



What are the key takeaways from this quarter's numbers? Here are Rick's summary points:

- Demand has returned to pre-pandemic levels; has it stabilized? While YTD sales still exceed those of 2019, Q4 closed sales and especially Q4 pended sales are below 2019 levels.
- Inventory has improved significantly but still remains 25% less than pre-pandemic levels. Similarly, the absorption rate has increased dramatically from the lows of several quarters ago, but it remains 40% below levels prior to Covid.
- Pricing is the big question. NAR announced home prices are 3.5% above last year and have decelerated most of the year. In Park City, price gains are also decelerating, but are 13% higher than a year ago. Some of that gain "may" be due to enhanced new construction. The more important question is what will happen in the future.
- With any luck, the pandemic is behind us. We have a new normal, at least given recent price gains. The issue is whether our market now stabilizes or continues to see a decrease in sales and possible pricing.

Market Overview Comparison Report - 12 Month Year over Year Thru 12/31/22								
Park City MLS Primary Service Areas - Summit & Wasatch Counties (Only)								
SINGLE FAMILY	Qty Sold	% Chg	Volume	% Chg	Average	% Chg	Median	% Chg
2019	1,106		1,537,275,439		1,389,942		950,000	
2020	1,570	42%	2,843,476,546	85%	1,811,132	30%	1,250,000	32%
2021	1,311	-16%	3,036,823,432	7%	2,316,418	28%	1,550,000	24%
2022	936	-29%	2,219,304,135	-27%	2,371,051	2%	1,600,000	3%
CONDOMINIUM	Qty Sold	% Chg	Volume	% Chg	Average	% Chg	Median	% Chg
2019	970		866,598,436		893,400		642,920	
2020	1,256	29%	1,172,835,144	35%	933,786	5%	671,250	4%
2021	1,395	11%	1,678,002,841	43%	1,202,869	29%	815,813	22%
2022	1,016	-27%	1,443,283,108	-14%	1,420,554	18%	1,100,000	35%
LAND	Qty Sold	% Chg	Volume	% Chg	Average	% Chg	Median	% Chg
2019	484		221,312,100		457,256		300,000	
2020	1,002	107%	570,652,590	158%	569,514	25%	325,000	8%
2021	1,155	15%	984,566,702	73%	852,439	50%	587,500	81%
2022	678	-41%	654,163,615	-34%	964,843	13%	670,400	14%
ALL TYPES	Qty Sold	% Chg	Volume	% Chg	Average	% Chg	Median	% Chg
2019	2,560		2,625,185,975		1,025,463		660,000	
2020	3,828	50%	4,586,964,280	75%	1,198,267	17%	733,750	11%
2021	3,861	1%	5,699,392,975	24%	1,476,144	23%	895,000	22%
2022	2,630	-32%	4,316,750,858	-24%	1,641,350	11%	1,125,000	26%

Real estate in the Wasatch back consists of highly segmented markets with nuances that vary significantly from one neighborhood to another and one house to another. Comparisons are hard to read on paper due to the unique features of individual properties, such as amenities, condition, style, location, age, view, and inventory. Buyers and Sellers are advised to contact a local Park City Board of REALTORS® Professional for the most accurate, detailed, and current information.