

NATIONAL ECONOMIST LAWRENCE YUN PREDICTS STRONG HOUSE-PRICE GAINS FOR WESTERN RESORT PROPERTIES

Summer 2008 (Park City) – Overly optimistic exuberance led to one of the costliest mortgage write-downs in U.S. history over the past year – a crisis which rocked world financial markets and dampened home sales throughout the country.

However, according to Lawrence Yun, chief economist for the National Association of REALTORS®, top resort destinations in the Rocky Mountain West could easily see house-price gains as much as 30 percent to 50 percent over the next five years.

Yun, the keynote speaker at the June semi-annual conference of the Rocky Mountain Resort Alliance (RMRA), an association representing the boards of REALTORS® of 11 Western premier destination ski resorts, said mountain resort properties, like those in Aspen, Colo., Park City, Utah, and Jackson Hole, Wyo., are not as prone to subprime loan exposure like other residential areas.

“I think the pendulum has actually swung way too far the other way,” Yun said at the conference, which was held in Park City. “In other words, there are people with the capacity to buy a home yet they are not willing to jump into the market because of fear. The sentiment among second-home buyers is that it is not a good time to buy right now, but buyers in it for the long-term always come out ahead.”

Dennis Hanlon, founder and president of RMRA, said in spite of the current housing climate, high-end properties throughout the West are still selling. “People are still buying second homes and vacation homes. Typically these transactions are cash deals and do not involve financing.”

Helping to boost second-home sales are current migration trends, Yun said, which show that wealthy baby boomers and others are leaving states like California, New Jersey and New York and moving to states in the Rocky Mountain region. In fact, 63 percent of baby boomers said they want to retire in a rural or small town setting – areas that include mountain resort settings.

In addition, Yun said the United States may encounter a housing shortage if new residential building construction continues at current low levels. Yun said that less than 1 million new homes are being built annually, but that 1.5 million new households are being formed each year, creating a gap of new housing inventory.

What’s ahead? Yun believes that the country will formally avoid a recession and that rising subprime defaults should peak by the middle of 2009. Going forward, because subprime lending has disappeared from the market new homebuyers are not exposed to the same dangers. Yun added that more than one-third of all U.S. homeowners (35 percent) own their home free and clear. Factoring in all homes, today’s foreclosures rates reported by the media are actually one-third lower because there is no risk from free and clear homes.