

HVS Hotel and Real Estate Market Snapshot: Jackson, Wyoming

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Just twelve miles northwest of the town of Jackson, Wyoming, lies one of the world's most famous ski destinations: Jackson Hole, an area rising 6,200 feet above sea level and measuring about 80 miles long by 15 miles wide. The "hole" appellation was coined by 19th explorers to describe a high-elevation valley almost completely surrounded by mountains. Teton Village, home to the Jackson Hole Mountain Resort, is only a few miles from the southern entrance to the Grand Teton National Park and approximately 60 miles from the south gate of Yellowstone National Park. The area's proximity to a wealth of natural resources supported centuries of lucrative trade, and tourists continue to revel in the distinct attractions of Jackson's summer and winter seasons.

Lodging trends and outlook

Apart from tourism and leisure, lodging demand in the Jackson market is generated by meeting and group business from corporate groups, trade associations, educational seminars, and social groups. The peak seasons in the Jackson market area coincide with the summer vacation months of June through August and the prime ski season, beginning the last week of December and ending in March. Peak demand is driven primarily by the Grand Teton and Yellowstone National Parks in the summer and the destination ski resorts in the winter. Sources of demand come not only from within the Jackson market but also from feeder markets in Colorado, Georgia, Illinois, Minnesota, New York, and Texas.

Rapid, robust development

Teton Village's dramatic growth over the last decade has been characterized by the construction of vast condominium developments, homes, and fractional-ownership clubs. Several full-service and condominium hotels were also completed during this time, including the Residences at Snake River Lodge in December of 2001, the Teton Mountain Lodge in October of 2002, the Four Seasons Resort and Residences in December of 2003, and the Hotel Terra Jackson Hole in January of 2008.

In July of 2005, county commissioners approved the re-zoning of 500 acres of land owned by Snake River Associates into Planned Resort areas that are intended to undergo significant development. This massive project, located at the base of the Jackson Hole Mountain Resort and adjacent to the existing Teton Village developments, will include hundreds of condominium and townhouse units, 100 single-family lots, 34 golf cabins, and up to 60,000 square feet of commercial space. The southeast component of the development, known as Shooting Star, includes a 254-acre, 18-hole golf course and clubhouse that opened in July of 2009. The project, to be completed in three phases as market conditions permit, will ultimately double the present size of Teton Village by 2025.

Recent real estate activity

About 97% of the land in the surrounding county is federally owned or managed by the state. Consequently, Jackson Hole has a very limited amount of land available for commercial development. This, combined with the rising popularity of Jackson Hole as a place to visit and reside, has caused local real estate prices to soar. From 1990 to 2000, home prices nearly tripled. The real estate market in Jackson Hole peaked in 2006, when the median sale price for a single-family home spiked to \$980,000, compared with \$565,000 in 2000. The median sale price for a residential vacant lot rose from \$515,000 in 2000 to \$1.1 million in 2006. The median sale price for a condominium/townhouse nearly tripled, from \$235,000 in 2000 to \$685,000 in 2006.

The momentum couldn't hold out indefinitely, and the market for single-family residential lots in Jackson Hole began to soften in 2008. In 2009, the total number of sales transactions dropped by 47% and the dollar volume for sales decreased by 54% for the second consecutive year. Local real estate market experts, however, contend

Summary

Jackson Hole is known for its spectacular skiing in winter, but the area's national parks, golf courses, and other developments draw demand throughout the seasons.

1 Comments

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that Jackson Hole has already hit the bottom, an assertion founded on three market indicators: 1) three quarters of increasing number of sales, 2) two quarters of decreasing inventory, and 3) three quarters of increased number of properties under contract at the end of each quarter (*The Hole Report*, 2009 End-of-Year Report). These trends support the expectation that prices will stabilize, and new investment opportunities, sparked by distressed properties, reduced purchased prices, and low interest rates, are expected to boost the market within the next twelve months. The area's proximity to two national parks and the planned expansions of resort amenities and housing inventory should continue to attract high net worth individuals and real estate developers to Jackson Hole.

Peak tourism and resort visitation

Tourism activity in Jackson is seasonal, with two distinct peak periods. During the ski season, approximately one-half million visitors travel to Jackson's three ski resorts. An additional 2.5 million tourists visit the area in the summer months, a tradition dating back to the creation of Yellowstone National Park in 1872 and Grand Teton National Park in 1929.

The Jackson area has three ski resort destinations: Jackson Hole Mountain Resort, Snow King Resort, and Grand Targhee Resort. The following table summarizes ski visitation statistics for the Jackson Hole Mountain Resort, the most popular ski resort in the area.

Skier Visitation – Jackson Hole Mountain Resort		
Year	Number of Skier Days*	Percent Change
2003/04	392,000	—
2004/05	397,000	1.3 %
2005/06	455,000	14.6
2006/07	402,400	(11.6)
2007/08	480,000	19.3
2008/09	438,000	(8.8)

*A skier day is defined by the National Ski Areas Association as one person visiting a ski area for any part of a day or night for the purpose of skiing.

Source: Jackson Hole Mountain Resort

A new aerial tram opened on December 19, 2008, and a significant expansion and revitalization of the Jackson Hole Mountain Resort and Teton Village is underway and expected to last until 2025.

National park visitation

The largest generators of lodging demand in the Jackson area are its two popular national parks: Grand Teton and Yellowstone. The town of Jackson serves as the southern gateway to each park, and the National Park Service estimates that approximately 2.5 million visitors transit through Jackson between June and September. This represents approximately 83% of all tourism visitations to the Jackson area. The following table summarizes visitation statistics to both Grand Teton and Yellowstone National Parks.

National Park Visitation						
Year	Grand Teton National Park		Yellowstone National Park		Total	
	Recreation Visits	Percent Change	Recreation Visits	Percent Change	Recreation Visits	Percent Change
1996	2,733,439	—	3,012,171	—	5,745,610	—
1997	2,658,762	(2.7) %	2,889,513	(4.1) %	5,548,275	(3.4) %
1998	2,757,060	3.7	3,120,830	8.0	5,877,890	5.9
1999	2,680,025	(2.8)	3,131,381	0.3	5,811,406	(1.1)
2000	2,590,624	(3.3)	2,838,233	(9.4)	5,428,857	(6.6)
2001	2,535,108	(2.1)	2,758,526	(2.8)	5,293,634	(2.5)
2002	2,612,629	3.1	2,973,677	7.8	5,586,306	5.5
2003	2,355,693	(9.8)	3,019,375	1.5	5,375,068	(3.8)
2004	2,360,373	0.2	2,868,317	(5.0)	5,228,690	(2.7)
2005	2,463,442	4.4	2,835,651	(1.1)	5,299,093	1.3
2006	2,406,476	(2.3)	2,870,286	1.2	5,276,771	(0.4)
2007	2,588,574	7.6	3,151,343	9.8	5,739,917	8.8
2008	2,485,987	(4.0)	3,066,580	(2.7)	5,552,567	(3.3)
2009	2,580,081	3.8	3,296,012	7.5	5,876,093	5.8
2010*	2,618,782	1.5	3,368,524	2.2	5,987,306	1.9

*Forecasted Visits

Source: National Park Service

While total park visitation declined by 3.3% in 2008, total visitation to both parks increased during 2009. The

number of recreation visits at Grand Teton and Yellowstone are expected to continue to realize modest gains in 2010.

Grand Teton National Park will receive \$18.8 million and Yellowstone \$14.7 million as part of a grant from the American Reinvestment and Recovery Act of April 2009. The funds, to cover major infrastructural projects at both parks, will help reinforce this cornerstone of Jackson's economy over the next two years.

Conclusion

Until Jackson completely escapes the wake of the national recession, market-wide occupancy and average rate will almost inevitably decline in the near term. The long-term outlook for the market, however, is very favorable. Jackson Hole is one of the few ski destinations to have a summer peak season that meets or exceeds demand levels during the winter. Hence, the area's proximity to highly frequented national parks has not only served to minimize occupancy losses during the current downturn, but will enable the market to recover more quickly than other ski resort destinations. Planned development initiatives in Teton Village, coupled with the projected increases in skier and national park visits, should further serve to stimulate demand and secure Jackson's place on the map.