

**EMPIRE PASS MASTER OWNERS ASSOCIATION**

Annual Board Meeting

March 23, 2023

4:00PM to 4:45PM

Meeting by Zoom

**EMPIRE PASS MOA BOARD MEMBERS:**

Doug Ogilvy | President –Present at Meeting

Jeff Butterworth | Storied Living DV – Present at Meeting

Jay Wasserman | Homeowner Representative – Present at Meeting

Dave Pottruck | Homeowner Representative – Present at Meeting

David Ash | Wells Fargo – Not Present

Lisa Reynolds | Storied Living – Not Present

**HOME OWNERS PRESENT:** Roxan Anderes, Phoenney Wang, Rory O’Neill, Greg Jansen, David Houck, Michael Berkman, Greg Annick, John Baker, Leor Landa, Debra Gregg and Steve Peer.

**EPMOA REPRESENTATIVES PRESENT:** Trish Waterman, Jessica Layton, Steve Sovinsky and Tonya Farnsworth

**OTHERS IN ATTENDANCE:** Matt Magnotta, Berkshire Hathaway; Julian Lena, Empire Express Ride Service (Downtown); Steve Graff, Deer Valley Vice President of Mountain Operations

**MEETING CALLED TO ORDER:**

The meeting was called to order at 4:35PM

**DEER VALLEY MOUNTAIN OPERATIONS UPDATE: PRESENTED BY STEVE GRAFF**

Deer Valley will be extending the season by a few weeks with the record amounts of snow this year. DV has been grooming more runs this year than in the past. They have increased grooming staff and added 7 new cats to the fleet. Next year the IKON passes will be by reservation only.

Q: Are reservations required for buddy passes?

A: Reservations are not needed because they are factored in already.

Q: If someone doesn’t have a reservation can they still ski?

A: Currently the gates won’t stop you, but they will send you an email you to not do that again.

Q: Do season pass holders have to make reservations?

A: No, they do not.

Q: Is there a Mayflower hotel update?

A: DV continues their discussions with them and the lift is required to be installed by 2024/2025 season.

### **REAL ESTATE STATISTICS AND ANALYSIS: PRESENTED BY MATT MAGNOTTA**

There were negative forces on market demand in 2022. The stock market, higher interest rates, the war in Ukraine, politics and new normal lives after the pandemic slowed panic buying. Empire Pass transactions in 2022 were down 44% from 2021, due to low inventory. The inventory in Empire Pass is 25% of normal levels with about 30 properties on the market.

Year to date 2023 market in Empire Pass shows 6 properties on the market and low supply is keeping prices stable. Active and pending properties are priced around \$2,000 per square foot. If there are any additional question, Matt can be reached at 435-604-0904 or [matt@bhhsutah.com](mailto:matt@bhhsutah.com).

### **EMPIRE EXPRESS UPDATE: PRESENTED BY JULIAN LENA, DOWNTOWNER**

In 2022, there were 88k passengers transported, 29k rides and 9 minutes was the average wait time, with an average rating 4.96 out of 5. Next year they are going to try and recruit local drivers as there have been struggles for the drivers commuting from Salt Lake. There will be software updates made that will better calculate traffic delays into the estimate wait times. The rules of the service will also be added into the app. This will also be the last year driving for Dave Davis. He has been with the service since inception and we are so grateful for the years of service he has provided for our Empire Pass owners.

### **EPMOA FINANCIAL & MANAGEMENT UPDATE: PRESENTED BY DOUG OGILVY**

#### **2023 Snapshot**

On October 20<sup>th</sup>, 2022, the Board of Directors approved an operating Budget for the year ending December 31, 2023, which includes \$2,365,099 in operating income and \$2,741,254 in operating expenses, which results in a negative net income after expenses equal to -\$376,155. The decision was made to absorb some retained earnings from prior years rather than increasing assessments to have a balanced budget. This budget is on our website for your review.

#### **2022 Year End Financial Summary**

2022 Preliminary year end unaudited financials show a net operating income of \$-306,016, compared to a budgeted net income of \$-272,032. Reinvestment fees collected in 2022 totaled \$1.1M, compared to \$900K budgeted. Overall, 2022 operating revenue was \$2,531,820, compared to \$2,178,755 budgeted. 2022 total actual expenses were \$2.83M, compared to \$2.45M budgeted. Overall expenses were over budget by \$387K. Expense lines over budget were historic preservation, which is offset by historic preservation revenue collected. This is

the cost of raising the Daly Headframe, which is now complete. Insurance was over budget related to increased vehicle values and market rate changes.

Fuel, salt, and wages were over budget related to the above average snow fall in November and December. Empire Express was underbudget by \$18K.

The 2022 financial audit is in progress and audited financials will be posted on our website once completed and approved.

#### **CAPITAL RESERVE STUDY SUMMARY:**

Both the equipment reserve fund and capital reserve fund are well funded. We have \$128K budgeted for capital projects this summer, which include stone, road, and guardrail repairs. We will be updating both the reserve and equipment reserve studies this summer.

#### **MAINTENANCE UPDATES**

The EPMOA found plow drivers to contract with UDOT to provide snowplowing services for the Mine Road this year. The snow amounts and snow storage this year have been more than challenging.

Please keep trash containers out of the street to avoid plow damage. If they are at the end of your driveway the trash collection vehicle arm has a 7 foot reach.

Dead fall tree removal around Empire Pass remains an ongoing project. There will be landscaping revegetation and light post repairs when the snow melts.

#### **CONSTRUCTION UPDATES**

There are currently 5 homes under construction in Red Cloud. There are another 5 Red Cloud homes that should start this spring. Nakoma has 2 homes under construction. Moonshadow has 2 homes under construction and another 2-3 will start construction this spring. Sommet Blanc will be starting construction this year as well.

#### **REAL ESTATE SALES**

2022 finished with 55 sales: 32 original sales and 23 resales.

2021 had 100 sales: 29 original sales and 71 resales.

Year to date 2023, there have been 2 sales: 1 original sale and 1 resale.

There are 488 EPMOA units sold. Total number of Class A Members (which excludes 81 Montage units and Merchant Builder units) is currently 407. Homeowners will take over control of the EPMOA Board when there are 413 Class A Members (75% of 550). Declarant control will turn over to the homeowners after the 3 remaining Argent units, and 3 of the 5 Merchant Builder units in Moonshadow have closed.

**HOMEOWNER FORUM:**

Q: With the limited amount of parking on the mountain what should owners do if they have dinner parties? Can they park at the Ontario Lot? Can they use Empire Express?

*A: An update to this answer is provided from the answer given in the meeting. If owners have a dinner party they may ask Talisker Club General Manager, John Neill, if they can park at the Ontario Lot. From there the owners would need to pick them up and bring them to their house. The Empire Express service cannot be used in this situation. The Empire Express service is for the exclusive use of owners and their guests staying in residence in Empire Pass. Please do not give the out the app code to friends not staying in Empire Pass.*

Q: When will the Hot Creek restaurant be open?

A: Construction is expected to start summer 2024.

**ADJOURNMENT:**

The meeting was adjourned at 4:45pm.

# EMPIRE PASS & DEER VALLEY

## Real Estate Statistics for March 2023



Dear Empire Pass Owners,

What a ski season ..... Not only has the snow been spectacular but so are the values of your real estate!

Below I wanted to provide a broader Deer Valley real estate snapshot along with specifics on Empire Pass so you can see the trends market wide.

### **Comparing the Entire Deer Valley Market - 2021 vs 2022**

Comparing the 2021 Deer Valley real estate market to the 2022 market will give you whiplash. In 2021 we were on a Rocketship ride with condominiums appreciating +25% (4 years of average appreciation in 12 months) but in 2022 things stabilized with a moderate price gain of +4%.

Many Buyers came to the market in 2022 looking for a deal but Seller's were not conceding in most cases. You will see that market is actually very stable once you review both the positive and negative forces and see how they are in-balance.

### **Negative Forces on Market Demand in 2022**

- The Stock Market was DOWN and that is typically the main driver for 2nd home real estate
- Interest rates went UP by 200% to 300%. Although approx. 60% of the transactions in Park City are All Cash purchases, Interest Rates are an overall economic indicator that cause people to pause when they rise sharply.
- Geo-Politics: The horrible War in Ukraine
- Politics: The Mid-Term elections always slow things down as Buyers wait to see what direction the Country is taking.
- COVID-19: Life returned to the 'New' Normal and Families are not 'Panick Buying'. Cities are feeling safe again for most so Families are moving back.

### **Statistics with Negative Trend (2022 vs 2021)**

- Transactions were down -48%
- Total \$ Volume Sold was down -44%
- Highest Sales Price was down -13%

## Positive Forces on Market Values in 2022

- Inventory IS the Story in Park City & Deer Valley ..... The general Park City Market is running at about only 60% of AVG Inventory levels and Deer Valley Inventory is even Lower, at about 40% of normal Inventory Levels. That is very low supply and is what is counter balancing the reduction in demand resulting in stable pricing.
- Will Inventory bounce back to Normal Levels? We don't think so ..... here is why;
  - o Seller's are staying put and are citing the facts that (1) they are enjoying very low interest rates and/or (2) IF they cash out what will they do with the profit? .... not the stock markets or Crypto.
  - o New Construction opportunities will be slow coming to the market for sometime. Construction Costs are UP and Construction Financing for large projects is very difficult to find and very expensive. It takes a few years to acquire land, design a project and get approvals so there will be a lag for New Construction opportunities from all but the best developers.

## Statistics with a Positive or Stable Trend (2022 vs 2021)

- AVG Sales Price was UP +6%
- Lowest Sales Price was UP +33%
- AVG Price per square foot was UP +15%

## Empire Pass - 2021 vs 2022

- Transactions in 2022 were down -44% from 2021 levels ..... Technically it is even lower because the 27 Argent Residences closed in 2022 but those contracts were written back in 2020/2021 and should not count as 2022 sales. Therefore, transactions in 2022 were down -77% of what sold in 2021. The reduction in sales was not solely driven by macro economic forces (stock market, interest rates, consumer confidence, etc) but also by the fact that Buyers had very few choices and could not find something that fit them.
- Demand was in-line with low inventory levels and that is reflected in the fact that AVG Sales Price in '22 was up +4%. Price stability essentially means that it is a neutral market where Buyers and Sellers are on equal footing, neither has a great advantage.
- Inventory in Empire is 25% of Normal Levels. We typically have about 30 properties on the market and there are only currently 7 properties for sale and 4 of the 7 are over \$15,000,000.

Empire Pass	Sold	% Change	Volume	% Change	Avg Price	% Change	Median Price	% Change
2019	21		59,249,250		2,821,392		2,400,000	
2020	52	+148%	155,547,614	+163%	2,991,300	6%	2,670,000	+11%
2021	82	+58%	304,287,633	+96%	3,710,824	24%	3,355,000	+26%
2022	46	-44%	177,883,009	-42%	3,867,021	4%	3,625,000	+8%

## General Deer Valley Market Trends & Predictions for 2023

- Currently available NEW Construction, such as Founders Place Deer Valley & Sommet Blanc are still seeing strong activity for 2 reasons;
  - o They are 2 of the final slope-side projects in Deer Valley
  - o Buyers don't need to fund the full purchase price in today's economy. Buyer's only need to put down 20% and let the balance continue to work for them until delivery in 2024-2025.
- Families looking to Buy in the high end are still purchasing IF Sellers are priced at or even close to Fair Market Levels. Sellers that have aspirational pricing are sitting on the market.
- Talisker Club – Properties associated with Talisker Club are selling faster and at higher prices.
- Buyers looking for a 'Screaming Deal' are not finding them because Supply & Demand is currently stable and looks to remain stable for the foreseeable future.
- The Ultra High-end To-Be-Built Spec Homes priced over \$20mill might languish for a while especially if they don't have direct ski in/out access.

## Empire Pass Market – Year-to-Date 2023

- Empire Pass only has 6 properties currently on the market which is about -70% below pre-Pandemic Inventory Levels. This low supply is keeping prices stable at the moment.
- 3 Properties are carrying a List Price over \$15,000,000 and there is a \$33,000,000 Spec Home in Red Cloud that is currently under construction and available for sale, as well, but the Seller pulled it off the market until it is closer to completion.
- Active and Pending Properties are now priced at / near \$2,000 per sqft. This is the new market in Empire Pass for Average Properties and I predict it will likely only increase from here.

Subdivision	Status	Total Bedrooms	Total Bathrooms	Apx SqFt Total	Apx Acres	Apx Year Built	List Price	List Price/SqFt	Sold Price	Sold Price/SqFt	Sold Date	Cumulative DOM
Red Cloud	Active	7	10	12,297	1.22	2024	\$ 22,900,000	\$ 1,862				399
Moonshadow	Active	5	6	5,362	0.24	2024	\$ 8,900,000	\$ 1,660				297
Grand Lodge	Active	3	4	2,037	0.01	2007	\$ 3,800,000	\$ 1,865				150
Montage Deer Valley	Active	5	7	6,858	0	2011	\$ 21,500,000	\$ 3,135				107
Flagstaff	Active	3	4	2,324	0	2009	\$ 4,795,000	\$ 2,063				4
Red Cloud	Active	6	6	8,200	1.7	2009	\$ 15,900,000	\$ 1,939				286
Flagstaff	Pending	3	4	1,983	0	2009	\$ 4,000,000	\$ 2,017				128
Grand Lodge	Pending	4	5	3,125	0.01	2007	\$ 5,790,000	\$ 1,853				72
Montage Deer Valley	Pending	2	3	2,127	0	2010	\$ 4,500,000	\$ 2,116				21
Larkspur	Sold	4	5	3,595	0	2005	\$ 5,450,000	\$ 1,516	\$ 5,250,000	\$ 1,460	2023-01-06	87
Argent Deer Valley	Sold	2	3	1,627	0	2021	\$ 2,345,000	\$ 1,441	\$ 2,308,334	\$ 1,419	2023-01-06	203
Argent Deer Valley	Sold	4	5	3,414	0	2021	\$ 5,295,000	\$ 1,551	\$ 5,246,565	\$ 1,537	2023-03-10	0
Flagstaff	Sold	3	4	1,950	0	2009	\$ 4,500,000	\$ 2,308	\$ 4,500,000	\$ 2,308	2023-03-06	13
Argent Deer Valley	Sold	2	3	1,627	0	2022	\$ 3,375,000	\$ 2,074	\$ 3,375,000	\$ 2,074	2023-03-01	3

Please [Click Here](#) for more market insights and we are always available to provide more color on the market and to provide current market values of your real estate.

If you have additional questions please reach out to your agent or to me at the contact information below.

I hope you are all enjoying the snow ..... it is a season for the ages!



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