



DOUG LABOR

ABR, ABRM, CEBA, CRS, GRI, e-PRO, RRP

970.846.0661
dlabor@buysteamboat.com



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Where Have All the Listings Gone?

Ask any Steamboat Springs broker, buyer or renter about the market and they will say, "It's tight". That sentiment is most likely not from any hard data they have seen, but likely from what they're experiencing.

Renters are feeling the pinch from higher rents and the need to act quickly. According to Dunte Valrey, manager of Steamboat Sotheby's International Realty's rental division, one-bedroom condominiums are fetching a minimum \$1,400 per month for a year 'round rental. Two-bedroom condos start at \$1,800/month and three-bedroom units are at \$2,500/month. Want a single-family home? Those start at \$1,000 per month, per bedroom.



With rents so high, renters may want to consider buying. A \$1,400 per month check to a landlord is the equivalent of a \$275,000 mortgage (30-year loan at 4.5% interest). Not included would be HOA dues.

Those buyers, along with many others in Steamboat's residential market need to act fast. Although the number of residential sales around Steamboat Springs saw a 4.7% decline in sales from 2017 to 2018, the average Days on Market dropped nearly in half from 52 to 30 days - yet Median Price went from \$486,500 to \$505,000. This data supports the notion the decline in Sales is not due to the lack of demand, but lack of supply.

The 2016 real estate market left 2017 with 21% fewer listings than it had the prior year, giving buyers substantially less options. Twenty-eighteen also experienced more buyers entering the market than sellers, and 4% fewer properties to choose from. Add a much-shortened time for properties on the market and all signs point to a market with high demand but hindered by lack of inventory.

To see where inventory opportunities exist for sellers and buyers, we'll look at Months of Inventory in various price ranges within Steamboat Springs and the immediate outlying Steamboat Multiple Listing Service areas of the South Valley and West Steamboat. We will look at the three residential categories: Single Family Homes, Townhomes and Condominiums, and Vacant Land. While compiling this information, it is also interesting to look at this information from an historic perspective to see what trends are taking place. So, we'll track data points from the record-setting year of 2007; when the market hit bottom for activity in 2009; bottom for property values in 2013; a midpoint of 2016 and current 2019.

Single Family Homes

Single Family Home inventory levels are lower now (112) than in 2007 (120). The market also saw a record breaking 205 transactions over the most recent 12 months - one better than the prior record set the year before. As of this writing there are no listings for homes priced from \$250,000 to \$500,000 and only a two-month supply from \$500,000 to \$1 million, which is the most active price range. If you're looking for a home over \$4 million, 11 exist and you have a comfortable five-year supply. However, four are currently under contract, indicating interest improving in the luxury market as well. On the opposite end of the spectrum, there are six "tiny homes" on the market west of Steamboat in Milner. None have sold and the project is awaiting final plat approval for the 357 to 520 square foot, 1 bedroom / 1 bath homes priced from \$155k to \$170k.

Single Family Homes					
Months of Inventory					
	2007	2009	2013	2016	2019
\$0 - \$250K	NL/NS	NL/NS	3	NL/NS	NS
\$250K - \$500K	13	12	4	1	NL
\$500K - \$1M	5	31	14	5	2
\$1M - \$1.5M	8	144	26	12	7
\$1.5M - \$2.0M	10	58	58	14	9
\$2.0M - \$3.0M	13	168	42	57	13
\$3.0M - \$4.0M	32	144	48	60	21
\$4.0M - \$5.0M	6	NS	NS	36	60
\$5.0M +	24	NS	108	84	NS

NL - No Listings
NS - No Sales

cont...

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Townhomes

Overall, there is a 4.5-month supply of Townhomes, with 154 sales over the past year and only 58 now on the market. Six entry-level Townhomes sold last year (below \$250k), yet there are no listings in this price range. A two-month supply exists for those priced between \$250k and \$500k, and a four-month supply from \$500k to \$1m.

Condominiums Months of Inventory					
	2007	2009	2013	2016	2019
\$0 - \$250K	1	30	8	2	1
\$250K - \$500K	2	49	20	7	3
\$500K - \$1M	8	45	34	38	7
\$1M - \$1.5M	45	36	54	15	48
\$1.5M - \$2.0M	NS	72	17	6	36
\$2.0M - \$3.0M	72	60	27	12	NS
\$3.0M - \$4.0M	1	NS	NS	NS	NS
\$4.0M - \$5.0M	NL/NS	NS	NL/NS	NL/NS	NS
\$5.0M +	NL/NS	NL/NS	NL/NS	NL/NS	NL/NS

NL - No Listings
NS - No Sales

Condominiums

With 306 purchases, condominiums are the most popular residential property. However, they are the lowest in supply with less than a four-month overall supply. The \$250k to \$500k price range was the most active with 45 transactions, followed closely behind the \$500k to \$1m range with 35, and with those price ranges experiencing a three month and seven-month supply, respectively. Although the market has seen condo sales above \$2m over the past few years, none have sold the last 12 months, which is a concern for the seven listed.

Townhomes Months of Inventory					
	2007	2009	2013	2016	2019
\$0 - \$250K	1	96	1	4	NL
\$250K - \$500K	2	15	9	4	2
\$500K - \$1M	3	42	13	8	4
\$1M - \$1.5M	3	34	48	11	7
\$1.5M - \$2.0M	12	46	60	42	20
\$2.0M - \$3.0M	18	144	48	12	36
\$3.0M - \$4.0M	NS	NS	NL/NS	NL/NS	NL/NS
\$4.0M - \$5.0M	NL/NS	NL/NS	NS	NL/NS	NL/NS
\$5.0M +	NS	NS	NL/NS	NL/NS	NL/NS

NL - No Listings
NS - No Sales

Land

With building prices escalating substantially over the past few years, land activity has not seen the interest the residential side of the market has. A good example of this is in 2007 there were 129 Land sales. The last 12 months saw 73. Except for parcels priced under \$200,000, where a nine-month supply exists, all other categories have a nearly two-year supply or greater.

Land Months of Inventory					
	2007	2009	2013	2016	2019
\$0 - \$200K	8	42	57	16	9
\$200K - \$400K	9	132	92	34	23
\$400K - \$600K	4	159	176	20	39
\$600K - \$800K	12	NS	44	54	23
\$800K - \$1.0M	7	NS	NS	84	34
\$1.0M - \$1.5M	22	108	144	16	60
\$1.5M - \$2.0M	79	102	NS	1	72
\$2.0M +	40	NS	NS	NS	192

NL - No Listings
NS - No Sales



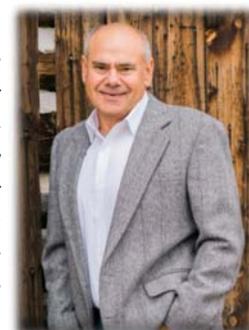
Conclusion

In 2007, for residential sales in the immediate Steamboat Springs area, there were 851 sales and 328 listings, creating a 'sales pace' of 2.6 sales-per-listing. Over the past 12 months the sales pace was 2.5 (665 sales over 271 listings). Although some projects are on the horizon, nothing substantial will be hitting the market for delivery for some time. Lower inventory levels will continue to add upward pressure to prices, as evidenced by the graph to the left.

With demand high and supplies low, it appears to be a "seller's market" - particularly in the introductory markets. Sellers can anticipate short timelines to cash out of their residential properties (provided they are reasonably priced). Buyers will need to be on top of their game and aware as soon as a property comes on the market meeting their needs; and as the above Months of Inventory represent, the lower the price, no matter what type of property, the faster it will sell.

ABOUT DOUG...

Doug Labor has over 35 years of real estate experience, including executive level positions with some of the largest ski and golf resorts in North America. He is the General Manager of Sotheby's downtown Steamboat Springs office. What he enjoys most in his real estate practice is providing imaginative, yet logical and valuable guidance in helping clients reach their goals. His industry knowledge and service have been recognized by both clients and peers as one of the premier brokers in Steamboat, with the 2005 and 2014 Steamboat Springs REALTOR of the Year and 2012 and 2014 "Best of the Boat" Real Estate Agent awards. Doug's clients appreciate his unsurpassed market knowledge and keen negotiating skills working for them, as well as the professional work ethic and personal care he delivers to each and every client, no matter if they are in the luxury or introductory market.



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970.846.0661 | dlabor@buysteamboat.com | www.buysteamboat.com