



The Best Way to Buy Real Estate in Steamboat



Steamboat

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Dedicated to serving buyers in the Steamboat marketplace.

Market Back To Its Knees?

To make a fair determination on whether the Steamboat Springs real estate market is weak or strong, it really depends upon what side of the market you're on. From a seller's standpoint, few are walking away from the closing table happy. Sellers have been forced to acknowledge current conditions and are either accepting 30% or even 40% less for their properties than what they could have snagged four years ago, or are continuing to pay carrying costs and waiting until the market turns. However, buyers are walking away with smiles on their faces knowing they may have timed their harvest when the fruit was ripe and hanging just low enough to pick.

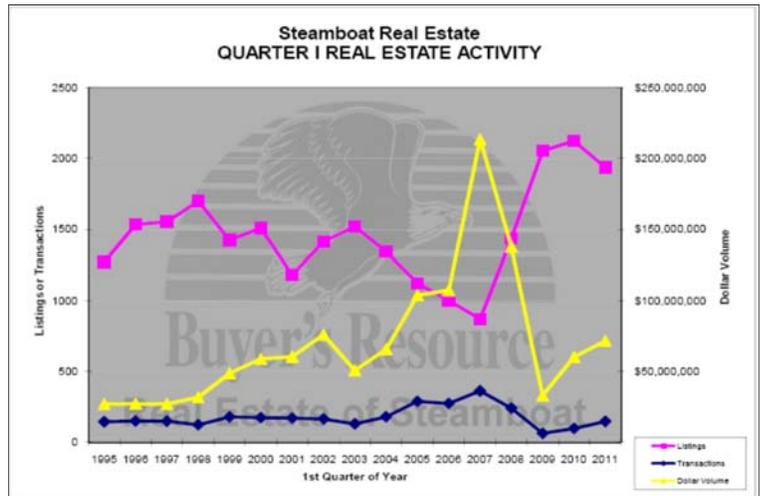
Over the past few years there has been a great deal of divisiveness over the value a seller is willing to sell their property for and what a buyer is willing to pay, but there are hints the two sides may be coming closer together, as uncovered by the most recently completed first quarter (Q1) of 2011...

Purchase Activity

Over the past ten years the average number of Q1 purchases is 196. Although the 146 Q1 2011 purchases is 26% less than the average, it is still 135% above 2009 (59) and over 50% better than Q1 2010 (94).

Foreclosure Purchases

A total of 87 foreclosures were purchased in 2010 (15% of the total 580 purchases). In the first three months of 2011 (Q1) the market saw 40 foreclosures purchased (27% of the 146 purchases). Buyers are seizing foreclosure opportunities: The average days on market for Q1 2011 foreclosures were 110, whereas it took an average of 218 days for private party sales. And there is buyer competition for those properties, where 15 sold for at least list price and seven sold by as much as 110% above list.



Overall Inventory

Buyers still have an excellent selection of properties from which to choose. The total number of listings at the end of Q1 in 2011 was 1,936. Although the ten year average is 1,406, there are 6% fewer listings than Q1 2009 and 9% fewer than in Q1 2010. These are slight improvements for sellers, but improvements none-the-less. Competition for buyers remain, as 'reverse leap-frogging' of list prices (when new listings of like-kind properties come on the market at a slightly lower price than the previously least expensive one) continues to occur.

Foreclosure Inventory

Of those 1,936 listings, a mere 53 foreclosures (2.7%) exist. However, foreclosures represented 27% of Q1 sales. The first quarter of 2011 saw a total of 45 "Notice of Election and Demands" filed by the Routt County Public Trustee, which is a precursor to foreclosure. In all of 2010 there were 305 filed, so more foreclosures are likely to come on the market, and possibly more than last year.

Additional information on the Steamboat real estate market can be found by visiting our web site, at www.BuySteamboat.com.

If you would like us to conduct a personal property search, please give us a call, toll free, at 877.970.8885.

Developer Inventory

With the lack of new projects coming out of the ground the amount of new, developer-owned inventory is being depleted. Sales promotions that came out in mid-2010 proved successful with developers offering 30% price discounts and other incentives. Of the 161 condo sales in 2010, 46 (26%) were developer-owned and they were sold for \$31 million (43%) of the total \$73 million in condo sales volume. It is hard to tell when developers will get over their recessionary hangovers and belly back up to the bar with a new project. Once the remaining amount of the existing new condominiums are extinguished (81) the opportunity for a buyer to purchase a brand new condominium may not return for quite some time, and that inventory is evenly split between the mountain and downtown.

Values

Sellers willing to meet buyer expectations resulted in real estate values to trend downward but also increased activity. The median price of all real estate purchased in Q1 2011 was \$254,000. The prior ten year average is \$274,325 (-7%), but there were substantial declines when compared to the 2008's median price of \$315,000 and 2009's of \$313,750. The Q1 2011 values seem to match the 2005 / 2006 timeframe. The highest Q1 median price ever recorded by the Steamboat Springs MLS was in 2007 at \$350,000, representing a 27% reduction from peak value.

A Peek into the Future

In his April, 2011 *Real Estate Insights* newsletter, Lawrence Yun, Chief Economist for the National Association of REALTORS, forecasts in 2011 what the aforementioned indicators suggest:

"The second-home market should also begin to show a recovery this year. Stock market gains are providing the financial wherewithal for wealthier households to buy vacation homes. Investors, looking for diversification and an inflation hedge, are looking at deeply discounted homes to generate rental income. The median price of an investor purchased home in 2010 was cheap – at \$94,000. That is certainly better than putting money in the bank and getting essentially nothing in return, as well as protecting against the possibility of devalued currency from potential rising inflation and very high budget deficits. One thing that was lacking for the second home market in the past two years was mortgages to buy a non-primary occupant homes – because government-backed mortgages are not there for these properties. An eye-popping 59 percent of investor home purchases were made with cash in 2010."

Although the median price of an investor purchased home in Steamboat Springs was quite a bit higher than the rest of the second home community nationally, the number of overall cash purchases has also increased in the Steamboat market. Yun's statement reinforces what is occurring locally.

Just like an infant needs to crawl before walking, the Steamboat real estate market seems to be passing its crawling stage with indications it may be getting to its knees, providing a number of opportunities for buyers to take advantage before it walks again.

Upcoming Steamboat Events

Help Us Celebrate Our Grand Opening By Visiting Our New Office!

Pro Rodeo every Friday and Saturday throughout the summer.

June

5 - 30th Annual Steamboat Marathon
16,17,18,19 - 23rd Annual Rocky Mountain Mustang Roundup

July

1,2,3,4 - Fourth of July Weekend Celebration / Cowboy Roundup
Days
9,10 - 31st Annual Hot Air Balloon Rodeo / Art in the Park

August

18,19,20,21 - 3rd Annual All Arts Festival

September

3,4 - 7th Annual Wild West Air Fest / Labor Day Celebration
16,17,18 - 3rd Annual Steamboat OktoberWest
22 - Steamboat Springs Orchestra Spring Concert

Buyer Tip of the Month

With most bank-owned properties, banks will not even counter an offer less than 20% off of list



Stay on top of the Steamboat Springs real estate market by receiving our monthly newsletter by emailing us at info@BuySteamboat.com.