



The Best Way to Buy Real Estate in Steamboat



Steamboat

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Dedicated to serving buyers in the Steamboat marketplace.

Steamboat's Real Estate Report Card

Quite often one gets so wrapped up in day to day dealings in their own world that important happenings on a broader scale get overlooked. Real estate activity continued to improve in Steamboat Springs, but in these changing times, how would Steamboat be graded against other top-tier ski country resorts? Here's an interesting look at that question, with very informative and surprising results.

Data compiled by the Steamboat Springs Multiple Listing Service for 2011 showed 725 Transactions (+ 25% over 2010) and 1,980 Listings (- 9%), yielding a 37% annual Absorption Rate (Transactions:Listings, representing demand:supply) In this case, means it takes 33 months for a typical property to sell. Total Dollar Volume was \$345m (+7%) and the Average Sales Price was \$475,449 (-15%).

The Resorts

Nine resort areas, which include Sun Valley, Park City, Whistler, Winter Park, Vail, Summit County (Breckenridge, Copper Mountain, Keystone, Arapaho Basin), Aspen and Telluride were selected due to similarities in market size, resort services, facilities, age and historic data availability. Seven years of past performance were gathered and compared against 2011.

Data Computation

The resorts were ranked based upon how 2011 fared against their seven year average in the five categories underlined above. Furthermore, as some categories are more meaningful than others (Absorption Rate more telling of market health than mere Dollar Volume), more weight is given to those categories.

As an example, the resort taking first place (10 pts) for Absorption Rate (5 multiplier) will receive a total of 50 points (10 times 5), but a resort taking first place for Dollar Volume (1 multiplier) would only receive 10 points. For purposes of this analysis, the resort with the highest total score shall be deemed to have the best grade for the 2011 Rocky Mountain ski resort real estate market.

Findings

One of the most striking finds was that the Average Price in Vail, dropped from \$1,166,331 in 2010 to \$505,430 in 2011...that's -57%! Aspen also saw a decrease (but not nearly as dramatic), from \$3,020,609 to \$2,888,605 (-4%). Steamboat's average price dropped by 15% (\$558,063 to \$475,574). Further investigation into Steamboat's numbers show the percentage of purchases under \$200,000 made up much more of the market in 2011 than 2010. One would assume a similar trend in most other markets, but Vail's is quite extreme. In fact, from 2009 to 2011, Steamboat and Winter Park have seen the least Average Price fluctuations, and the dollar-per-square foot values for single family residential homes in Steamboat only dropped 9% in that same time period.

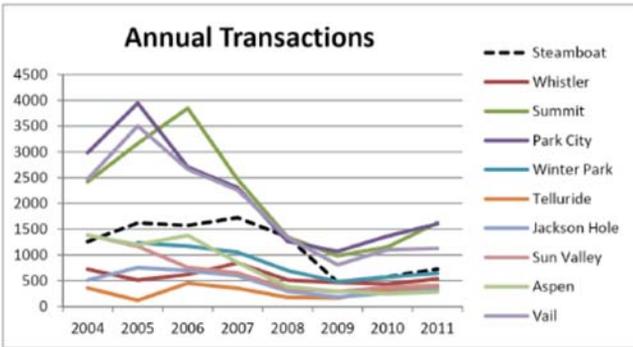
This study shows a year-over-year increase in transactions at all 10 ski resort communities from the low point of 2009. As opposed to all other areas, transactions in Steamboat and Whistler still increased in 2007, whereas all other areas peaked earlier.

Whistler was hosting the Winter Olympics in 2010 (which could also be the reason they earned first place here and possibly the rea-



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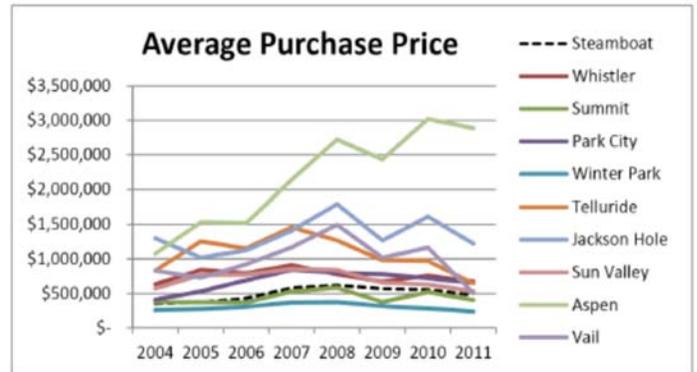


son Park City took third from playing Olympic host in 2002). The reason Steamboat's transaction numbers extended into 2007 was most likely due to the momentum it received from the revitalization of the ski base, which could also position itself to leapfrog over other markets once base area construction resumes.

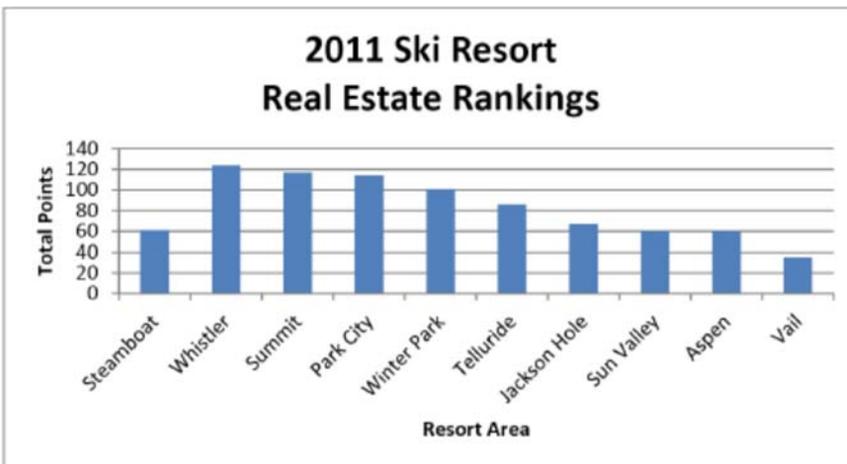
With the exception of Telluride, Whistler and Park City, Average Purchase Prices peaked in 2008. All resort prices dropped in 2009, and the five that took the hardest hits saw some recovery in 2010. All fell again in 2011, with Vail taking the greatest decline. Aspen continues to be moving further away from the pack in property values.

And the Winner Is...

Whistler outscored the competition with a total point value of 124 (out of a potential 150). In 2011 Whistler enjoyed 537 Transactions (2nd best) over 758 Listings (4th), representing a 71% Absorption (2nd). The increase in sales may have been from their decrease in Average Price, which dropped 12% from its seven year average (Steamboat's Average Price dropped 4%). Completing the top four spots and earning "Honor Roll" status were Summit County (117), Park City (114) and Winter Park (101). Steamboat (61) took 7th place out of the ten, with Sun Valley and Aspen tying (60) and Vail (35 points) had the worst performance.



What impaired Steamboat Springs most is its high number of Listings. With 1,980 properties for sale at year-end 2011, and with a seven year average of 1,461, it realized a 36% inventory increase over the past seven year average. This inventory increase also negatively influenced the 2011 Absorption Rate to only 37% (8th of 10); the demand vs. supply marker. Steamboat's highest finish was in its 2011 Average Price, where it only went down 4% of average. However, that small decrease may have stalled the Absorption Rate.



Steamboat's grade on its real estate report card is slightly behind the class curve, but still in harmony. Externally, certain factors can help positively influence the market, such as a restart of base area revitalization, ski area expansion, new development projects, and increasing summer tourism; most of which won't likely happen until the market itself begins to improve. Internally, however, while transactions are on an upward trend, more inventory needs to be trimmed to make the "Honor Roll". This can be accomplished by sellers pulling properties off of the market (unlikely), or by more buyers entering the market. For the latter to occur either sellers will have to drop prices, or buyers will have to suspect the market is at, near or past its bottom.

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