



The Best Way to Buy Real Estate in Steamboat



Steamboat

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Dedicated to serving buyers in the Steamboat marketplace.

2012 Year in Review...and Market Turnaround?

The Steamboat Springs area real estate market took several steps forward in 2012. The most important markers showed positive movement, and perhaps a market on the mend.

Steamboat Springs Multiple Listing Service and Routt County Treasurer data reveals the following trends:

Supply – Listings have been reduced by 9% for each of the past two years (see Fig 1.2 red line (Listings)).

Demand – Since hitting bottom in 2009 with 467 purchases, the market has seen steady and substantial year-over-year increases with 2012 posting 827 purchases, a 14% increase over 2011 (725) (see Fig 1.2 blue line (Transactions)).

Average Median Residential Purchase Price – After the average median price of single family homes, townhomes and condominiums hit an all-time high of \$508,900 in 2007, 2012 prices averaged \$377,726, which represented a 14% increase from 2011.

Absorption Rate - (The amount of time it takes for a property to be absorbed by the market and calculated by dividing the total number of listings by the number of sales per year.) Substantial gains in the supply vs demand dynamic signifies a 2012 Absorption Rate of 46%, and nearing the 59% average Absorption Rate that occurred between 1995 to 2003.

Foreclosures – This property type could be a double edged sword, and has a great impact on the market. On one hand real estate (bank) owned (REO) properties typically sell at a lower value than free market properties. The reason could be from the bank wanting to get the asset off of their books, or perhaps because of the poor condition the property was left by its previous owner. On the other hand, these properties have caught the eyes of investors and once this supply is depleted, the REO investor will leave the market in search for opportunities elsewhere. Reaching an all-time high of 306 foreclosures in 2011, 2012 saw a substantial 29% reduction to 217.

Market Markers*						
Percent Change from Prior Year						
	2007	2008	2009	2010	2011	2012
Supply (Listings)	1%	73%	13%	2%	-9%	-9%
Demand (Purchases)	10%	-58%	-36%	24%	25%	14%
Average Median Res. Price	32%	-4%	-6%	-11%	-19%	14%
Absorption Rate	8%	-76%	-44%	21%	37%	26%
Foreclosures	-11%	17%	255%	55%	1%	-29%

Fig 1.1 * Red is unhealthy movement, green is healthy.

Taking a closer look at the residential market, condominium purchases took a positive turn by taking more of the pie than it had in the recent past. Perhaps it is because of more aggressive marketing efforts by the newer projects themselves, or perhaps the lending climate has become a bit more accustomed to making loans on this property type. There were 30% more condo sales in 2012 than in 2011.

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The least expensive condo purchased in 2012 was a REO 3 bedroom (br), 2 bath (ba), 1,232 square foot (sf) Wagon Wheel condominium in Stagecoach for \$27,500, or \$22/sf. The most expensive was a four bedroom, four bath, 3,265 sf, slopeside condo in One Steamboat Place for \$2,725,000, or \$835/sf. One Steamboat Place posted the 11 highest priced condo sales of 2012, all falling between \$1,525,000 and \$2,725,000. One future 'hole' in the market could be with luxury condos. A total of 15, \$1 million+ purchases occurred in 2012, but only 17 were on the market at the start of 2013. This equates to a one year supply with no new projects coming out of the ground in the near future.

Also enjoying a substantial amount of attention in 2012 were townhomes, with purchases increasing 39% in 2012 to 146. There were a substantial number of townhomes in Stagecoach that caught the foreclosure bug, where seven of the nine sales that occurred in that development were REO. The least expensive purchase was in this neighborhood, where a 3br/2ba, 1,416 sf townhome was bought for \$51,000, or \$36/sf. At \$497/sf, the highest priced townhome was a newly constructed 5br/5ba townhome on Turning Leaf Court and sold for \$2,585,000.

268 single family homes sold in 2012...one less than in 2011. A dilapidated 2br/1ba Oak Creek cabin sold for \$1,000 above list price at \$11,900. It only took a \$4,000,000 Strawberry Park home 64 days to become the highest priced single family home sale in 2012. It boasted 5br/5+ba, a four car garage, 9,400 sf and is situated on a beautiful 35 acre lot with pond.

The product type that has taken the greatest hit in the market downturn has been vacant land. This is most likely due to buyers realizing it is cheaper (and takes less time and effort) to buy an existing residence than to buy land, design, obtain permits and build. In all of 2012 there were only 73 land parcels purchased, which is far cry from the 423 that were purchased in 2007, and still a substantial decrease from the 90 bought in 2011. With a fair percentage of the local economy dependent upon the construction industry, land sales need to pick up before that segment picks up again.

However, the slow land market has caused an opportunity for buyers. The least expensive land purchase in 2012 was a 2.49 acre undevelopable Stagecoach parcel for \$3,200. Tops was the 2,000 acre Woodchuck Mountain parcel (also in Stagecoach) that holds substantial development potential for \$4,374,180.

If the Steamboat Springs market trends continue to track as they have for the past four years, 2009 would be considered the year the real estate transaction ball hit the floor and 2012 may be recognized as the time when the residential real estate values hit bottom. Land may be a bit slower to recover, but once existing residential values begin to increase land buyers will begin coming back into the market. With a steady decrease in listings and increase in purchases, buyers and sellers are more coming in line with each other, leading to a healthier market as seen in times past.

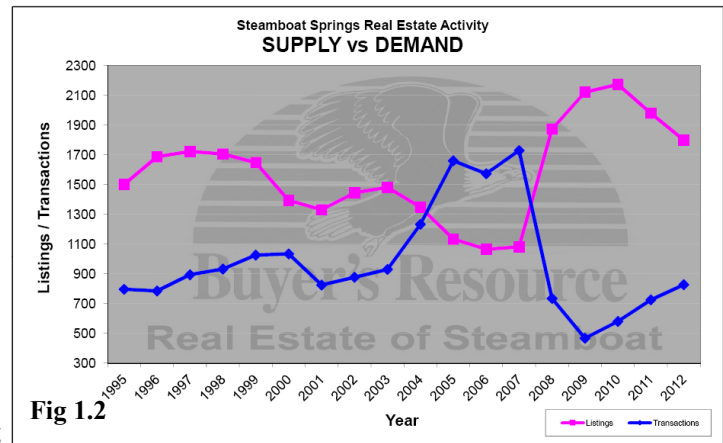


Fig 1.2

Major Upcoming Steamboat Events

February

- 6 - 10 100th Annual Winter Carnival
- 12 Bud Light Free Concert
- 14 Valentines Day Torchlight Parade & Fireworks
- 22 US Telemark Championships

March

- 9, 16, 23, 30 Free Concerts
- 17 St. Patty's Day Torchlight Parade & Fireworks
- 29 Ski 4 Yellow Fundraiser

April

- 1, 14 Free Concert
- 13 33rd Annual Cardboard Classic, Billy Kidd's 70th Birthday
- 14 Pond Skim, Last Day of Skiing



Buyer Tip of the Month

Buyer's looking for a deal should not just focus on foreclosures. Sellers who bought their property prior to 2006 may have less cost basis than a bank and more room for negotiation.

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