



Steamboat

Real Estate Analyst & Newsletter

October, 2013

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Buyer's Resource Real Estate
56 Ninth Street
Steamboat Springs, CO



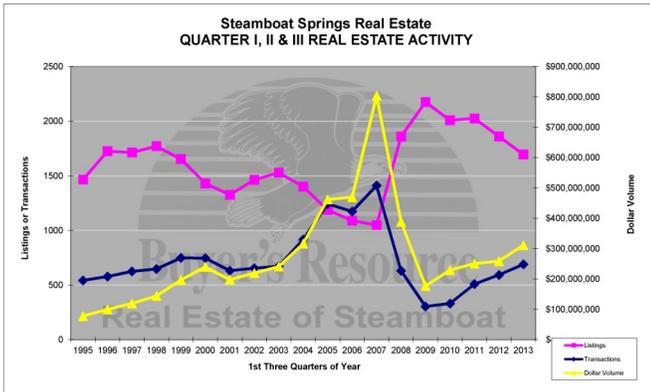
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Steamboat Residential Properties Poised for Takeoff

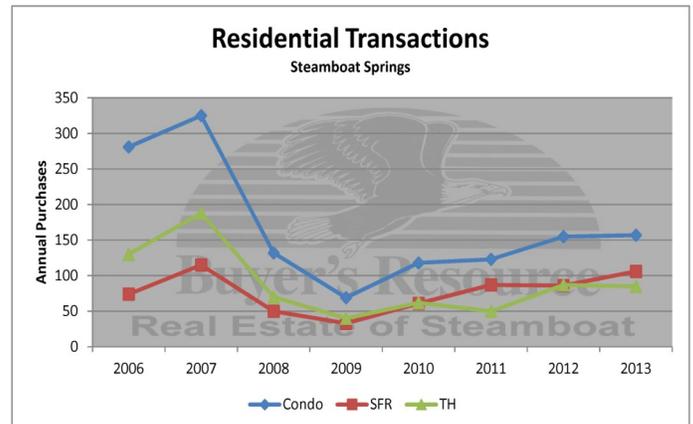
With the third quarter for the 2013 Steamboat Springs Multiple Listing Service in the books, and four solid years of increasing activity, it is pretty safe to say the Steamboat Springs area real estate market is on the mend. Through the first three quarters of 2013, the three general market indicators from the Steamboat Springs MLS show Transactions increased 16% from 2012, Dollar Volume increased 20% and Listings saw a 9% decrease. From the 2009 market bottom, Transactions have increased an amazing 127%, Dollar Volume 76% and Listings have decreased 22%.



An increase in demand and decrease in supply generally results in price increases. So, for this quarter's newsletter, I thought I'd take a look and see exactly what residential (single family residences (SFR), condominiums (Condo) and town homes (TH)) real estate values have done and if buyers missed their opportunity within the Steamboat Springs town limits. The study includes data compiled from the first three quarters of each year dating back to 2006, which was a year before the record setting benchmark of 2007. All statistical and graphical references in this report represent the first three quarters (January through October) of each year.

Transactions

The increase in real estate activity has been brought about by an improving economy and price discounts deep enough to bring buyers back into the market. Buyers who have taken the most advantage of these conditions were those seeking single family residences (SFR). One of the most surprising finds from this study is that over the past seven years, 2013 posted the second highest number of SFR purchases in the town of Steamboat Springs (second only to 2007)! 106 homes were bought in 2013, representing a 23% increase from the prior year, whereas the number of condominium (Condo) and town-home (TH) purchases have remained relatively flat. Condo purchases have dropped 52% from the 2007 peak. This could be from stricter lending requirements and a more stubborn price point from condo sellers (or a more attractive price point for buyers of single family residences).



continued...

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Prices

There has certainly been a substantial price swing in the SFR market, and most likely the number one reason buyers reacted so favorably to the SFR market. In 2013 the Median Price was \$550,000; the second lowest since 2006 and a 35% decrease from the \$849,000 Median Price of 2007. Condo prices have only dropped 24% from 2007, which may be why residential buyers found single family homes more attractive.

Size

Before jumping to the conclusion that prices were the reason for SFR's to be the most attractive residential property type to buy, it is important to see if buyers were buying smaller homes in 2013 than in 2007. This concept was supposed to be a movement that many real estate experts predicted post-crash. However, it appears buyer appetites for space have remained relatively unchanged.

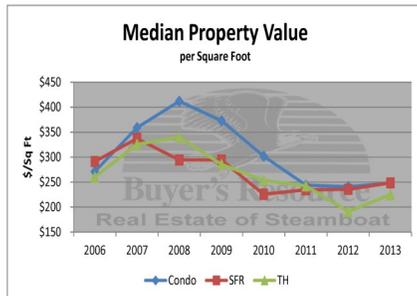
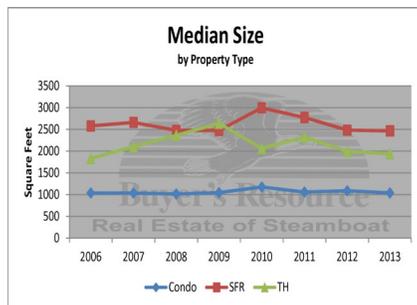
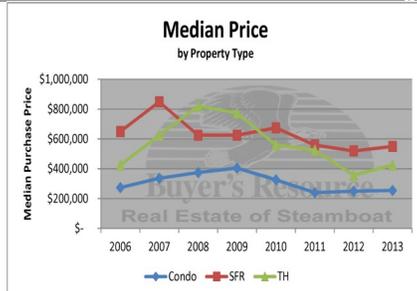
Median Value (per square foot)

Many real estate experts determine a property's value on a "Dollar-per-Square Foot" basis (\$/SqFt). This represents basic property value with a common denominator (a square foot of improved property). It is deemed a better way to study property values than simply price. Further, when calculating this number, it is assumed that the smaller the space of the residential unit, the higher the \$/SqFt number is going to be, as you still are factoring in more expensive aspects of a home in the smaller space, such as kitchens and baths.

What is most interesting in the Steamboat Springs market is that that was not the case in 2006 – All three residential property types were selling between \$260 to \$290 per square foot (+/-5%). Then, in 2008 they became quite divergent and ranged from \$294 to \$412 per square foot (+/-17%), and now they are coming back together with condos at \$248, SFR's at \$249 and town homes at \$225 per square foot. The most important thing to recognize with this information is that \$/SqFt values had already hit bottom a minimum of a year ago and are now beginning to increase.

Conclusion

Buyers may still have a little bit of time to buy at/near the bottom...but not much. With continued inventory reduction, selection has certainly become more limited. Sales are continuing to increase, which will only continue to reduce inventory, especially in the near-term with no new construction coming out of the ground for multi-family (condominium and town home) products. Decreased supply and increased demand will only cause property values to continue to increase. A solid two years of price stabilization has occurred, and there are substantially fewer foreclosures on the market at the end of QIII in 2013 (1) than a year ago (9). So, if you are a last-minute value shopper, with many signs pointing to an improving market, you may want to make your move now while there still is time. By the time the next selling season begins in earnest (second quarter of 2014), things may be different.



Major Upcoming Steamboat Events

October

31 Halloween Stroll

November

- 27 Steamboat Ski Area Opening Day
- 28 Thanksgiving Community Dinner
- 29 Light Up the Night Downtown
- 30 Chocolate Tasting

December

- 15 Holiday Wishes Party at Olympian Hall
- 26 Torchlight Parade & Fireworks
- 31 Steamboat Ski Area New Years Eve Special

January

- 4 - 10 15th Annual MusicFest
- 20 40th Annual Bud Light Cowboy Downhill



Buyer Tip

If you're considering a rental condo, find out if the covenants restrict who you can choose for your rental agent.

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