



Steamboat

Real Estate Analyst & Newsletter

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Dedicated to serving buyers in the Steamboat marketplace.

The Past, Present and Future of Steamboat Springs Real Estate

In its record setting year of 2007, who would have thought that in 24 short months, the Steamboat Springs area real estate market would have gone from 1,729 transactions and \$1 billion in dollar volume to a paltry 467 transactions and \$267 million in sales?

And who would have thought the market would need five additional years before it would begin clawing out of its hole? It is easy (and at times difficult) to reminisce on the changes that have occurred over the 'Great Recession':

- Financial disaster for sellers
- More stringent protocols in the lending industry
- Changes on how industry professionals (contractors, brokers, lenders, etc.) conduct their business, and perhaps leading to different careers. In 2007 the Steamboat Springs Board of REALTORS had upwards of 435 members. Today that number is 306.
- Government easing of local affordable housing regulations
- Refinancing opportunities due to historic low interest rates
- Reluctance or uncertainty in real estate as a safe investment
- Disappointment for some buyers because their purchase ability was tempered
- Opportunities for other buyers, including first-time, primary and vacation home owners and investors.



The \$50 question is, "Are we clearly on a road to recovery?" There are many factors that affect market conditions, but identifying a number of basic indicators could lead us to an answer. Data collected from the Steamboat Springs Multiple Listing services, as well as the Routt County Treasurer's office indicate the market has made significant improvement from 2012 to 2013 in eight of the nine major indicators, which include:

Supply – Listings have been reduced by 7% from 2012, which is the third straight year supply has dropped.

Demand – Since hitting bottom in 2009, 2013 has been the fourth year in a row demand (Purchases) has increased. However, the percent increase is not as much (10%) as what had happened in the prior three year average (21%).

Median Price – Of the four property types in this category (Condominiums, Townhomes, Single Family Homes, Land), 2013 is the first year the Median Price for all four types increased over the prior year. In most recent times, 2012 was the year the majority of these properties hit their lowest levels. On average, property values dropped from their

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2008 high to 2012 low by 35%. 2013 Median Prices saw an average 10% increase over 2012.

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 2013 Absorption Rate of 55%, and nearing the 59% average Absorption Rate that occurred in healthier times (from 1995 to 2003).

Foreclosures - After reaching an all-time high of 306 foreclosures in 2011, 2012 saw a substantial 29% reduction to 217 and 2013 only posted 135, a substantial 38% drop from the prior year.

Interest Rates - The only Indicator that did not head in a positive direction. 30 yr fixed rates began trickling upward toward the end of the year (from 3.66% to 3.94%), most likely a result of Fed reaction to improving real estate markets across the country.

Market Indicators*							
	Percent Change from Prior Year						
	2007	2008	2009	2010	2011	2012	2013
Supply (Listings)	1%	73%	13%	2%	-9%	-9%	-7%
Demand (Purchases)	10%	-58%	-36%	24%	25%	14%	10%
Condo Median Price	23%	6%	11%	-20%	-27%	6%	3%
Townhome Median Price	43%	6%	-9%	-18%	-24%	2%	13%
Single Family Median Price	29%	-21%	-4%	0%	-10%	4%	3%
Land Median Price	80%	70%	-51%	27%	-17%	-5%	7%
Absorption Rate	8%	-76%	-44%	21%	37%	26%	19%
Foreclosures	-11%	17%	255%	55%	1%	-29%	-38%
Interest Rates	-1%	-5%	-16%	-7%	-5%	-18%	8%

* Red is unhealthy movement, Green is healthy.

Figure 1

did in all but one category (Median Price of Land), 2013 ratified the feeling that the market is improving.

When looking at Listings (supply), Transactions (demand) and Dollar Volume, what is amazing about the past several years is that when the bottom hit (2009), the recovery has been fairly linear (Figure 2):

Providing no "9/11", "Dotcom" bust, financial meltdown or other catastrophe occurs within the next year (interest rate increase?), it should be relatively easy to predict (via trend line) a continuation through next year with 2014 posting slightly more than 1,000 transactions and \$450 million in dollar volume. 2013 was the first year since 2008 that the Average Price increased from the prior year. That 7% increase should also continue, and possibly at a higher rate due to supply, demand and foreclosure characteristics noted earlier.

For a more visual interpretation of the above, the chart to the left (Figure 1) is an excellent example as to which of these indicators had positive (healthy, highlighted in green) or negative (unhealthy, highlighted in red) movement from the prior year.

If 2012's nine major Market Indicators posted some pretty positive numbers from 2011 (and it

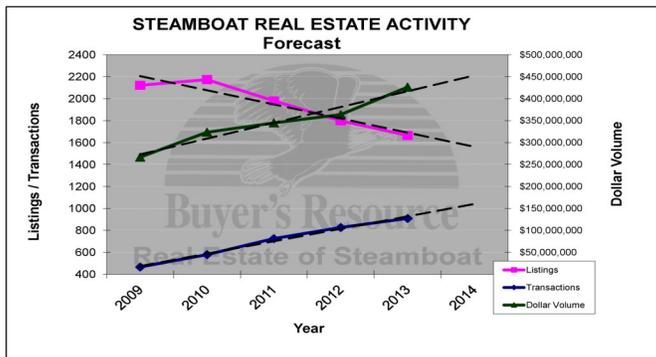


Figure 2

Major Upcoming Steamboat Events

December

- 23 The Nutcracker
- 29 Broadway Holiday Concert
- 31 Korbel New Years Eve Celebration, Torchlight Parade & Fireworks

January

- 4 - 9 29th Annual Musicfest
- 20 40th Annual Cowboy Downhill & Free Concert
- 25 Olympian Celebration

February

- 5 - 9 101st Annual Winter Carnival
- 14 US Telemark Championships

March

- 1 Mardi Gras Masquerade Ball
- 8 23rd Annual Steamboat Pentathlon



Buyer Tip of the Month

Check out our NEW WEBSITE:

www.BuySteamboat.com

It's full of valuable information and the easiest way to search for Steamboat Springs properties on the web!

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