



Steamboat

Real Estate Analyst & Newsletter

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Dedicated to serving buyers in the Steamboat marketplace.

Entry Level Buyers Need to Act Quickly

For real estate buyers in the Steamboat Springs area, the price of admission for all residential property types in nearly all geographic areas is increasing. Any hesitation now from buyers who are on the edge of being able to afford a property may result in a lost opportunity. In general, should the market continue in its current direction, entry level buyers wanting to get into the market may soon be faced with buying less size, quality or both.

The principal beneficiaries from the great recession of the 2000s have been those who could otherwise not afford properties during the run-up of the early 2000s, where property values dropped over 50% in some categories. However, now that prices are beginning to tick upward, it has been the entry level properties that have risen most rapidly, leaving buyers in some geographic areas in the dust and sellers gaining some hope of recapturing what they lost since 2007.

Study Considerations

Being that the 'entry level' definition is not clearly defined, for argument sake, we'll focus on residential properties that make up the lowest 15% of the market, by price. If there were a total of 200 single family homes purchased in Steamboat Springs in a year, then the most affordable 30 are considered entry level. Furthermore, there is no distinction on property use. Entry level will be considered the least expensive means for any buyer to get into the market. Use could be a primary, second or retirement home, or investment property.



From a geographic perspective, the four major areas of Routt County are studied: 1) Steamboat Springs; 2) South Routt County, including Stagecoach, Oak Creek, Toponas, Phippsburg, Yampa; 3) West Routt County, including Milner, Hayden; 4) North Routt, consisting of Steamboat Lake, the Elk River area, Columbine and Hanhs Peak Village.

Three year-long time periods are compared: 1) 2014 QI and 2013 QIV, III, II (the most recently completed four quarter period); 2) 2013 QI, 2012 QIV, III, II (the overall low point in property values); 3) 2007 QI, 2006 QIV, III, II (considered market peak).

The three main residential property types will be considered: Condominiums, Town Homes and Single Family Homes. It should be noted that although condominiums and town homes make up a good amount of transactions in Steamboat Springs, they are irrelevant from a statistical standpoint in the North and West Routt geographic areas. See Chart 1 for data that was compiled.

Findings

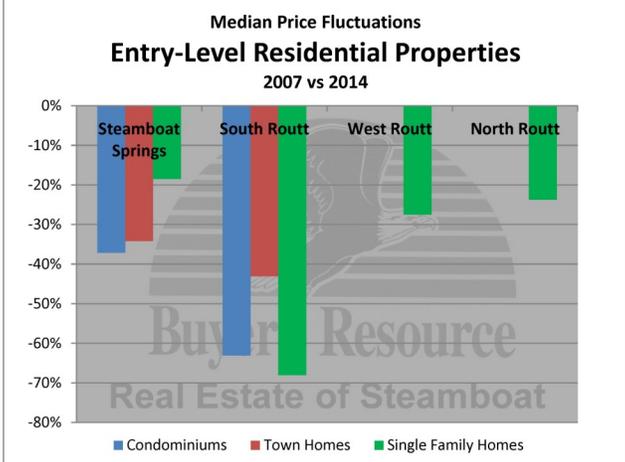
Past Activity

Entry-level product in all three residential categories fared best (lowest percentage decrease in price) in Steamboat continued...

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Springs. The only property category common to all areas is Single Family Homes, where in 2014 the Median Price dropped by only 18% from 2007. South Routt realized the greatest price drop of 68%, followed by West Routt (-28%) and North Routt (-24%). Entry Level condo purchase prices in Steamboat dropped 37% since 2007, creating opportunities for more buyers. As represented by the lesser comparative price drops in Steamboat Springs than the other areas, it can be assumed that there is a higher demand to live in Steamboat Springs than in outlying areas.

The Median Price of entry level Steamboat Springs Condos and Town Homes dropped a little over one-third from their 2007 price (-37% and -34%, respectfully). Although the South Routt area is vast in size, and includes five communities, all but one entry level Single Family Home was located in Oak Creek, where they saw a dramatic 68% price drop from 2007. Substantial discounts occurred with South Routt Condominium (-63%) and Town Home (-43%) transactions, and they all occurred in Stagecoach. If you're an investor, these big discounts could spell opportunity, for what goes down, should go up.



Graph 1

Condominiums						
Area	Annual Transactions*	15% Transactions#	Price Range		Listings	Months of Inventory
Steamboat Springs	241	36	\$ 104,000	\$ 193,000	26	9
South Routt	5	3	\$ 115,000	\$ 125,000	2	8
West Routt	0	0	\$ -	\$ -	0	
North Routt	0	0	\$ -	\$ -	0	

Townhomes						
Area	Annual Transactions*	15% Transactions#	Price Range		Listings	Months of Inventory
Steamboat Springs	106	16	\$ 122,000	\$ 261,000	5	4
South Routt	12	3	\$ 75,000	\$ 105,000	0	0
West Routt	1	0	\$ 180,000	\$ 180,000	2	#DIV/0!
North Routt	1	0	\$ 115,000	\$ 115,000	2	#DIV/0!

Single Family Homes						
Area	Annual Transactions*	15% Transactions#	Price Range		Listings	Months of Inventory
Steamboat Springs	131	20	\$ 261,000	\$ 375,000	5	3
South Routt	39	6	\$ 21,000	\$ 48,000	0	0
West Routt	35	5	\$ 60,000	\$ 122,000	5	11
North Routt	22	3	\$ 172,500	\$ 235,000	3	11

* 2013 Q1, III, IV, 2014 Q1
Lowest Priced 15% Residential Transactions

A Peek Into the Future

When digesting the above information, it may be easy to think that there are numerous affordable opportunities in South Routt, as well as other locales. However, current inventory tells a totally different story. By taking the past 12 month Entry Level Annual Transactions for each property type, and dividing those by the number of current listings, reveals the number of months it would take to absorb those listings (Chart 1). This reveals inventory levels for what has been available for Entry markets have been greatly depleted...some to a point where those price points no longer exist. If you're interested in an entry level Condominium in Steamboat Springs (under \$193,000 (top end of the entry level market for the past 12 months) it will only take nine months before the 26 listings currently on the market are sold. This would ultimately force buyers to notch it up another level if they want to get into the market.

Chart 1

Entry-level buyers in 2012 and 2013 certainly can pat themselves on the back. They most likely timed the market correctly. Should the market continue on its current path, the price of admission into the local market will continue to increase, and hesitation may lead to no admittance until the next downturn. This is already happening in the Colorado Front Range markets, and is already migrating into certain mountain communities like Steamboat Springs.

Major Upcoming Steamboat Events

June

- 1 33rd Steamboat Marathon
- 9, 10 Ride the Rockies
- 12 - 14 26th Annual Mustang Roundup
- 13 Pro Rodeo Series begins every Friday & Saturday

July

- 1 4th of July Celebration begins
- 4 111th Annual Roundup Days, Parade & Fireworks
- 5, 18, 26 Free Concert Series

August

- 8 Free Concert Series
- 6 - 11 11th Annual Steamboat Wine Festival



Buyer Tip of the Month

Foreclosures may not be the best deals on the market. Buyers should also consider those properties that have been owned by the seller for a long time and whose cost basis may be lower than the owner of the foreclosure.

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