

# Running out of space?

## Single-family homes feel upward pressure

Tom Ross  
PILOT AND TODAY STAFF

### STEAMBOAT SPRINGS

Doug Labor recalls a client who came to town in late December looking for a three-to four-bedroom house offering a den and 3,000 to 4,000 square feet. He couldn't find what he wanted in his price range.

It sounds like a familiar story until you consider the clients were willing to spend as much as \$1.6 million.

"They were looking for a functional house," Labor recalls. They are set on Steamboat, and I showed them six to seven homes."

Frustratingly, he couldn't match them with a home. It's indicative of changes in the market — both in price and inventory.

STEAMBOAT PILOT & TODAY

# REAL ESTATE

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Labor is a Realtor with Buyers Resource Real Estate in Steamboat. He also is the official keeper of statistics for the Steamboat Springs Board of Realtors.

The Steamboat market enjoyed a record year in 2006 with properties on the Steamboat Springs Multiple Listing Service producing sales of \$676 million compared to \$605 million in 2005. When the total number of sales was tallied, Steamboat's market crested \$1.1 billion.

Yet, there are prospective homebuyers with \$1.5 million to spend, who cannot find what they want.

The median price of residential property here was up

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## Labor: It just puts more pressure on existing product

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27 percent to \$337,961, with condominium sales outnumbering sales of single-family homes.

The median price of a single-family home last year, representing a home price that was exactly in the middle of the range, was \$660,000. That compares to \$650,000 last year.

However, if you plotted the entire range, one could expect to see a large number of sales clustered right below that median price.

Part of the challenge with single-family housing inventory inside the city limits, Labor said, is the scarcity of new product, and that shortage is driven by a limited supply of building lots.

The number of land sales here last year was down 46 percent from 97 in 2005 to 53 in 2006. At the same time, the median price

of a land purchase rose from \$415,000 to \$477,500, Labor said.

"It just puts more pressure on existing product," Labor said.

Norbert Turek, with Elk River Realty, said the upward pressure on single-family housing is a result of two very different factors.

First, he said, Steamboat is essentially landlocked, and largely by its own design. A commitment to containing urban sprawl, which Turek confesses he enjoys, is cutting off new subdivisions.

The second trend involves people in the building trades in Steamboat who acquire properties and remodel them as part of their business plans.

"End users (permanent residents) here aren't competing with the second-home buyers. They're competing with contractors," he said.

Turek said it's not out of the

question that Steamboat will stop growing.

"You can't have a town that's 95 percent built out and not have prices going up like crazy," he said.

The first 32 of 41 new single-family building lots in Wildhorse Meadows were snapped up this fall and closed by the end of the year or shortly after at prices close to \$500,000.

The last filing in the Sanctuary was on the verge of selling out this month.

Additional lots will come on the market in Steamboat Barn Village, and Ski Time Square Enterprises has plans to develop a new subdivision near the Sheraton Golf Course offering 17 lots.

"That might be the last great subdivision that can happen in Steamboat (city limits)," Labor said.

Turek pointed out that it has

been six years since West End Village, the last workforce housing subdivision in the city, was approved. Lots there sold for less than \$100,000.

How long before the phenomenon of people purchasing modest houses to tear them down to acquire a building lot becomes commonplace?

In a tear-down situation, Labor said, the price of the lot with a structure on it becomes the land price. So, if you bought a very modest Old Town home for \$400,000 and demolished it, you would probably need to build a structure valued at three times that amount to achieve a good business proposition.

Based on those numbers, new single-family homes on small lots in Old Town would soon approach values of \$2 million.

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