



# The Best Way to Buy Real Estate in Steamboat



## Steamboat

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Douglas Labor, Editor

**Doug Labor**, GRI, RRP, ABR, ABRM, CEBA, e-PRO, Broker / Owner

**Ulrich Salzgeber**, Broker / Associate, ABR

**Kristin Lile**, Broker / Associate, e-PRO

**Susana Field**, Broker / Associate, e-PRO

**Mary Labor**, Administration / Owner

Office: 970.870.8885 / 877.970.8885 Web: [www.BuySteamboat.com](http://www.BuySteamboat.com)



*Dedicated to serving buyers in the Steamboat marketplace.*

## Steamboat in the Middle

We know how well the 2008 Steamboat Springs real estate market fared compared to past years (a decrease of 52% in Transactions with a 148% increase in the Average Purchase Price), but how did our market compare to other top-tier resorts in these changing times? With the final results of 2008 now in, it's time to take a peek...

In order to conduct this analysis, data was compiled from the Rocky Mountain Resort Alliance, which is a trade association of ski resort related Multiple Listing Services. Member resort areas in addition to Steamboat Springs include Sun Valley, ID, Park City, UT, Aspen\*, Telluride, Vail and Summit County, CO, along with several others. However, these seven were selected due to their similarities with Steamboat in market size, quality of resort services and facilities, age and historic data availability. Data used to compare the resort markets included Transactions, Average Price, Listings and Dollar Volume. An Absorption Rate (annual Transactions divided by year-end Listings) was derived from this data to provide a fifth category of study.

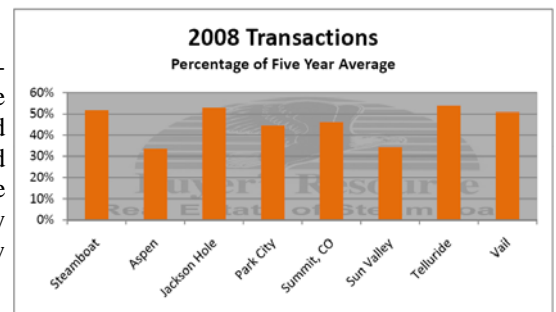
To begin the analysis, a base number on past performance has to be established to then compare against 2008 results. 2007 was a record year for many markets, so in order to create a more realistic baseline, a five year average (2003 through 2007) was established. Measured against their own five year average, the 2008 increase or decrease in market activity will produce a percentage to determine how the resort fared.

Place	1st	2nd	3rd	4th	5th	6th	7th	8th
Points	8	7	6	5	4	3	2	1

Fig. 1

For instance, Steamboat posted 737 Transactions in 2008, but averaged 1,430 in the prior five years. Consequently, 2008 Transactions were 52% of average. Telluride experienced the lowest deviation from their average Transactions. Their five year average was 329, but in 2008 they posted 177 sales, performing 54% of average for 2008. This type of calculation shall be used for each of the five categories. Based upon this percentage of change from their average, a first place, second place, etc. will be awarded. First place finishers will receive 8 points; second place receives 7 points, and so on down the line. By placing first, Telluride receives 8 points in Transactions while Steamboat placed third and earns 6 (see Fig. 1).

In my opinion, some categories are more meaningful than others when determining market health. Deviation comparisons in the Transaction category are more revealing than Dollar Volume, which could be skewed with a couple of high-end (or low-end) sales. Average Price deviations indicate if property values have held their own during challenging economic times, while a higher-than-normal increase in Listings would show the financial where-with-all of the market and how many owners (speculators) may be wanting out. Absorption Rate represents how quickly the market will absorb (purchase) any given property over a year's time.



Consequently, depending upon the category's importance, a multiplier will be used to give the resort a score for their performance. Of the five categories, Transaction activity is most important and will be awarded a multiplier of '5'. Average Price

*continued...*

Additional information on the Steamboat real estate market can be found by visiting our web site, at [www.BuySteamboat.com](http://www.BuySteamboat.com).

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is second and each resort placement will be multiplied by '4', followed by Absorption Rate '3', Listings '2' and the least important Dollar Volume with a multiplier of '1' (see Fig 2).

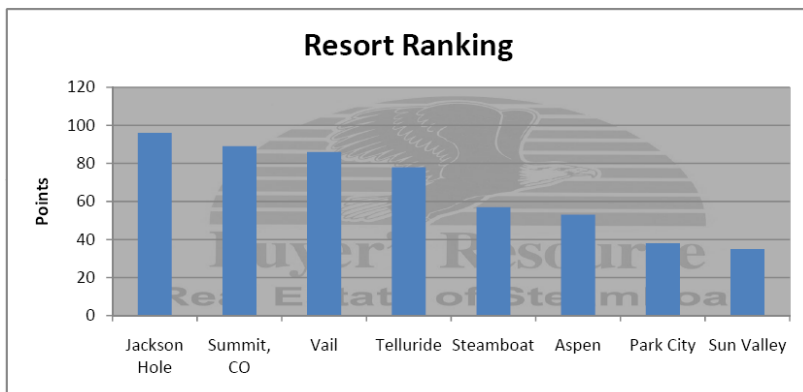
Importance	Category	Multiplier
1	Transactions	5
2	Average Price	4
3	Absorption Rate	3
4	Listings	2
5	Dollar Volume	1

Fig. 2

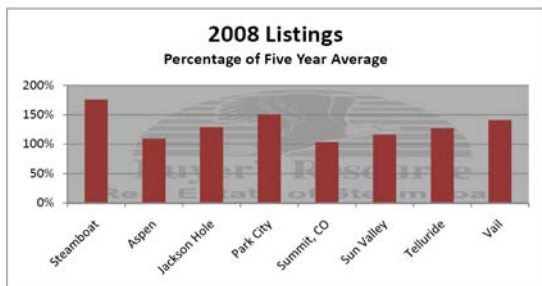
As an example, the resort taking first place (8 pts) for Transactions (5 multiplier) will receive a total of 40 points (8 times 5). The last place resort (1 pt) for Dollar Volume (1 multiplier) will receive 1 point (1 times 1). The resort with the highest total score shall be deemed to have performed the best in the 2008 Rocky Mountain ski resort real estate market.

Based off of this format, Jackson Hole, WY outscored the competition with a total point value of 96 (out of a potential 120), followed by a close grouping of Summit County, CO (89), Vail (86) and Telluride (78). Steamboat and Aspen were clustered together with 57 and 53 points, respectively, while Park City (38 points) and Sun Valley (35 points) had the worst performance.

What impaired Steamboat Springs most was the high increase in Listings. With 1,992 properties for sale at year-end 2008, and with a five year average of only 1,132, it realized a 176% increase in inventory; the greatest increase of any of the eight resorts surveyed and a last place finish. This compounded the Absorption Rate calculation to only 29% of average performance, also earning a last place finish. Steamboat's 2008 Absorption Rate was 37% but enjoyed a five year average of 126%.



One very interesting find in this study is that property values have either held their own in 2008, or may have lagged behind resulting in lower Absorption Rates, depending on your position. Average Prices in all markets in 2008 increased from their five year average. However, Telluride had the lowest increase at 108% of their \$1,176,360 average price to \$1,269,808 (but also scored first place in Transactions), while Vail experienced the largest gain at 177% of average, from \$847,261 to an amazing Average Price in 2008 of \$1,495,788. Steamboat saw prices increase 148% of average from \$417,062 to \$617,631.



What Telluride experienced is a question the rest of the markets will have to ask: Will property values be sacrificed to increase transaction activity? It is an important question to ponder, but a difficult one to forecast. Absorption Rates of 50% equate to a property being on the market for two years. An Absorption Rate of 100% yields a one year marketing period. 2008 Absorption Rates ranged from 66% in Vail to 24% in Sun Valley and Telluride. If sellers have the patience to wait for the economic recovery, then prices will most likely maintain course. But should they desire to sell prior to that time, reductions will most likely occur.

To see additional graphs and analysis of this report, visit my web site at [http://realestatesteamboat.com/market\\_info-c4016.html](http://realestatesteamboat.com/market_info-c4016.html).

\*Aspen only reported three of the five years of historic data used in this study.

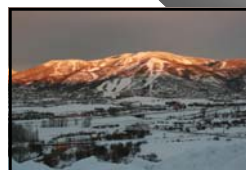
## Upcoming Steamboat Events

### March

- 1 - 24th annual Jimmie Heuga Vertical Express
- 7 - 18th annual Steamboat Pentathlon, Bud Light Rocks the Boat Free Concert
- 13 - 15 - Ski Jumping & Nordic Combined Championships
- 26 - 29 - NASTAR National Championships

### April

- 4, 12 - Bud Light Rocks the Boat Free Concert, Steamboat Springs Orchestra's Season Finale
- 10 - 12 - 2nd annual Springalicious Celebration
- 11 - 29th annual Cardboard Classic & Easter Egg Hunt
- 12 - 2nd annual Splashdown Pond Skim, Last Day of Skiing



### Buyer Tip of the Month!

*Spring is a great time to make an offer on a condo. Sellers have received their ski season rental income and are typically likely to consider a lower offer.*

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