



The Best Way to Buy Real Estate in Steamboat



Steamboat

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Dedicated to serving buyers in the Steamboat marketplace.

Changes in Steamboat's Residential Market

The Steamboat Springs real estate locomotive was chugging along at warp speed for several years, only to have the brakes hit hard this past year. With this drastic change in the market, I thought it would be interesting to see how the changes have affected the residential market over the past five years. The residential market researched includes single family homes, town homes and condominiums.

For this study, statistics from the Steamboat Springs Multiple Listing Service have been used to compare the recently completed one year time period between May 1, 2008 through April 30, 2009 (noted as Period 2 in this study), and compare that time to five years back with the same dates (May 1, 2003 through April 30, 2004 (aka Period 1)). This five year timeframe was selected because it provided enough distance from the effects of 9/11 where more typical conditions returned.



Between May 1, 2003 and April 30, 2004 (Period 1) residential sales totaled 716 transactions throughout the MLS geographic area it serves (primarily Routt County), generating a total dollar volume of \$271 million. The recently completed Period 2 posted 323 transactions: a 55% decline. However, the Period 2 sales volume of \$248 million declined by only 8% and average prices increased from \$378,111 to \$768,133, or 103%! Part of the reason the average price increased is from the average property size increase, from approximately 1,600 square feet to over 2,100 in Period 2, or 32%. Undoubtedly a buyer's appetite has substantially grown for Steamboat real estate over the years.

Taking a closer look within the Steamboat Springs city limits, Period 1 saw 535 transactions for \$197 million of dollar volume at a \$368,155 average price. Period 2 had a 62% decline in transactions at 201; a 16% decline in dollar volume to \$166 million, but experienced a higher average sales price to \$818,649, revealing that the average price increase within the Steamboat Springs city limits was higher / more desirable(122%) than the overall MLS (103%).

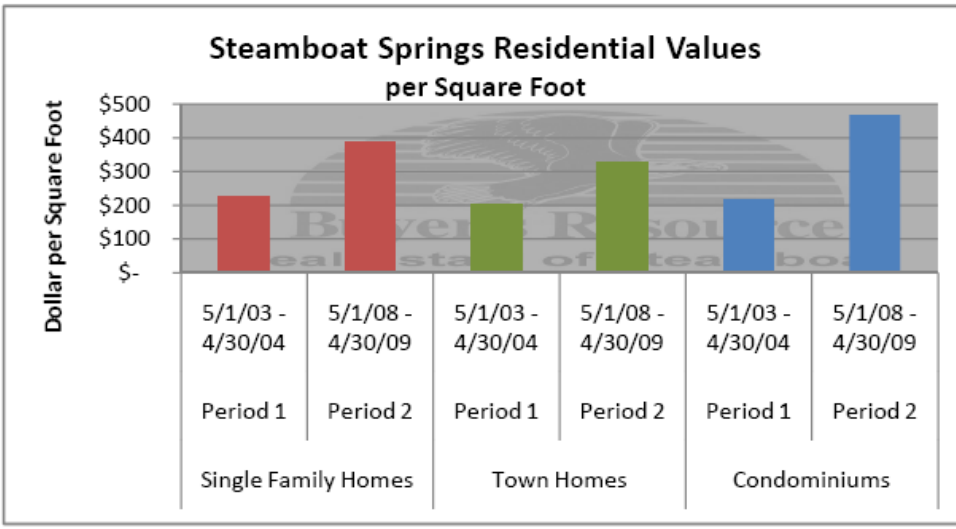
Categorically, single family homes saw the greatest average price increase within Steamboat at 133%, improving from \$625,262 in Period 1 to \$1,457,125 in Period 2. Although the average size of a Steamboat Springs home purchased in Period 1 was 2,773 total square feet, the size increased in Period 2 by 28% to 3,562 total square feet. Irrespective of finishes, upgrades, depreciation or newer construction, the appreciation on a dollar-per-square foot basis reveals Period 1 sales fetching an average of \$225, where five years later single family homes in Steamboat sold for an average of \$387 per square foot, or a 72% increase in five years and over 14% annually. A dollar-per-square foot analysis is a better comparison for year-to-year values because it takes out the size

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variations that occur in a changing market or property.



Town home sales within Steamboat limits declined 61% from Period 1 to 2, or 158 to 61. Average prices nearly doubled from \$380,760 to \$756,252 and the average size increased 20% from 1,865 square feet to 2,241. In Period 1, town homes sold for an average of \$204 per square foot, and increased 61% in Period 2 to \$329.

Condominiums took the biggest hit in the new economy, dropping the most of the three categories in the number of transactions and dollar volume. However, their average sales price still realized a 117% increase in average price to \$505,094, but surprisingly; the average size remained relatively the same, from 1,068 square

feet to 1,046. Of all three property types, condos enjoyed the highest dollar per square foot increase from \$219 to \$467...a 113% increase in five years or a healthy 23% annual increase, as seen in the graph above.

With the current economic climate one may think the more expensive property type (single family homes) would have taken the biggest sales hit, but market share for single family homes increased from Period 1 (23%) to Period 2 (26%). Townhomes remained the same at 30% and condominiums dropped from a 47% market share in Period 1 to a 44% in Period 2. This may be because single family home sellers were more flexible in their prices than condo owners from Period 1 to 2. Single family home purchases were 92% of list price in the more difficult selling climate of Period 2, whereas condo sellers held tighter to their price at 95% of list. Another factor may be that condo's are more of a vacation home product and single family homes are more primary housing.

Even in these economic troubling times, comparing where the Steamboat Springs market was five years back to where it is now, the market shows resiliency. However, one has to be also aware that these comparisons are relative to those properties that have sold. The sales pace at which property sold in Period 1 was over double of what it was in Period 2. For those few buyers who are out there, the purchase has to make more sense now than ever before. The properties that are selling are the best ones on the market. And for sellers, depending upon when they purchased will determine if they have equity to take with them from the closing table, or if they need to hold out for better times.

Upcoming Steamboat Events

May

- 18 - 25 Restaurant Week
- 25 - Paddling Life Pro Invitational
- 30 - Home & Garden Expo

June

- 5 - 28th annual Steamboat Marathon
- 13 - Hayden Cog Run
- 16 - Model T Ford Tour
- 18 - 21 - 21st annual Rocky Mtn Ford Mustang Roundup
- 19 - 20 - Weekend Steamboat Pro Rodeo Series Begins every Friday & Saturday throughout the summer
- 27 - Free Concert Series Begins with Rusted Root
- 27 - Strings Festival Orchestra

July

- 2, 3 - The Neville Brothers in Concert
- 4 - Cowboy Roundup Days & 4th of July Parade & Celebration

Buyer Tip of the Month

When buying a condominium to rent, interview several property management companies and hire the one who you feel would provide the best service. You can shop around.



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