



The Best Way to Buy Real Estate in Steamboat



Steamboat

Real Estate Analyst & Newsletter

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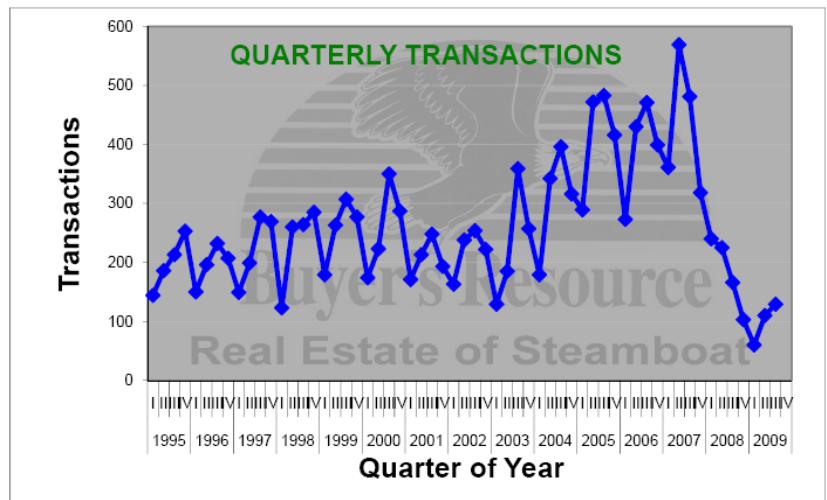


Dedicated to serving buyers in the Steamboat marketplace.

Market Bottom or Dead Cat Bounce?

After seven straight quarters of declining sales, the second and third quarters of 2009 gained some positive ground in purchase activity, representing what could either be the Steamboat Springs real estate market hitting bottom, or a “Dead Cat Bounce” - a term Wall Streeter’s use to refer to a small, brief (and temporary) recovery from a stock after a drastic decline, similar in theory to dropping a dead cat from a tall building and recognizing even it will bounce a little.

The 60 transactions the Steamboat Springs MLS posted in the first quarter of 2009 (January – March) were the least amount since my records date back to 1995. The 110 transactions and 129 transactions in Quarters II (April – June) and III (July – September), respectively, are encouraging, but it is also important to note the second and third quarters of the year are typically the most active of the year. In addition to the uptick in transaction activity, the following are also interesting signs:



- Quarterly Listings declined slightly from an all-time high of 2,310 in QII to 2,165 in QIII.
- The Quarterly Absorption Rate (the relationship between the number of listings divided by the number of sales) has increased for two consecutive quarters, from a low of 3% in QI of 2009 to 5%, then 6% in QII and QIII in 2009. The average rate that listings are absorbed by the market on a quarterly basis since 1995 has been 19%, but at least the market has shown some sign of improvement. A 20% absorption rate would mean 1 out of 5 properties would be absorbed (purchased) in any given quarter.
- Although the Average Price in QIII was \$524,416 (the lowest average price since the MLS posted \$517,622 in QIV of 2006), a more in-depth look shows median prices for Condominiums increased from \$360,000 in 2008 to \$385,000; the median price for a Single Family Home dropped from \$465,000 to \$435,500; and Townhomes increased from \$635,000 to \$685,000.

The condo price increase is most likely due to two new projects in the market where purchase contracts had been negotiated as far back as two years ago when the market was much stronger, but were only able to close with their recent project completion. Of the 71 condo sales that occurred in the first three quarters of 2009, 18 resided in Howelsen Place or Trailhead Lodge, where the average dollar per square foot sales prices were \$574 and \$862, respectively. Trappeur’s Crossing had six new condo sales at an average of \$591 per square foot (and all over \$1 million), but all purchase agreements were inked this year.

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The least expensive QIII condo purchase was a one bedroom and one bath, 565 square foot Walton Village unit that sold at its \$164,000 list price. The most expensive was a 2,197 square foot, three plus bedroom, four bath Trailhead Lodge condo located next to the new Wildhorse Gondola and in the 47 acre Wildhorse Meadows master planned community slightly west of the ski base area. It was purchased for \$2,225,000...slightly over \$1,000 per square foot.

Of the 37 single family home sales that occurred in QIII, the least expensive purchase was a new three bedroom, two bath Hayden home that was acquired for \$245,000. The most expensive was an equestrian estate on 13 acres in the Creek Ranch Land Preservation Subdivision 12 miles south of Steamboat Springs. Consisting of four bedrooms, four plus baths, 4,574 square feet, a barn and numerous subdivision amenities, the custom home, built of reclaimed timber, stone and copper accents, was listed for \$2,285,000 and was bought for \$1,875,000.

Several large and beautiful townhomes were purchased between July and September of 2009, where eight of the 25 fetched \$1 million or more. The most expensive was a newly constructed four bedroom and four bath Porches residence at 4,189 square feet for \$2,050,000. The least expensive was a furnished Glen Eden Resort townhome in North Routt, with two bedrooms and two baths for \$150,000.

The most sluggish product type continues to be in undeveloped land, where only eight sales at a median price of \$100,000 occurred in QIII. The lack of affordable financing is a major challenge for land buyers. Over the past five years the QIII average has been 105 transactions for an average Median Price of \$166,530. The least expensive land parcel purchased was a .82 acre wooded Stagecoach lot that was listed for \$49,000 and purchased for \$35,000. The most expensive was a 50 acre lot on Lake Catamount that was listed for \$1,549,500 and sold for \$1,285,000.

Noticeably missing this quarter were any sales over \$3 million. QIII in both '08 and '07 posted 10 MLS sales, and even in '06 three tallies were made. Sixty percent of the sales occurred below \$500,000, which is consistent with the previous two years ('06 sales were nearly 80% of the total), so the market is maintaining itself at some price points, but the higher priced properties are not getting the attention they enjoyed in the past. Financing in this market segment has been extremely difficult to acquire.

Available financing has not only hurt the luxury market, but has also negatively affected the second home, retirement home and land markets, giving cash buyers more clout than ever before. With inventory higher than normal, sellers will need to continue to adjust prices and be more creative and flexible when doing business in the "new normal" market.

There are obviously a number of substantial economic, financial, psychographic and confidence factors (to name a few) that need to change before any resemblance of the 'Roaring 2000s' return. However, the first quarter of 2009 may indeed be the lowest posting of sales the Steamboat Springs real estate market, leaving it up to buyers and sellers to determine if the cat is in fact dead or if it has landed on all fours and scampering to recovery.

Upcoming Steamboat Events

November

- 25 - Scholarship Day, Ski Area Opens
- 26 - Happy Thanksgiving
- 27 - Community Tree Lighting

December

- 5 - Holiday Classic Concert
- 19 - Acoustic Christmas Concert
- 21 - Holiday Family Concert
- 23 - Big Head Todd Free Concert
- 22 & 24 - US Olympic Team Selection
- 25 - Merry Christmas
- 31 - New Years Eve Torchlight Parade and Fireworks

January

- 4 - 9 - 11th Annual Musicfest at Steamboat
- 9 - Ski Jam VII
- 19 - 36th Annual Bud Light Cowboy Downhill

Buyer Tip of the Month

Early winter is the best time to make an offer on a land property. Winter is the slowest time of the year for land sales and sellers may be more flexible in their price.



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